



**ORDER NUMBER
G-272-24**

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

Creative Energy Vancouver Platforms Inc.
2024 Revenue Requirements for the Core Thermal Energy System

BEFORE:

A. K. Fung, K.C., Panel Chair
E. B. Lockhart, Commissioner

on October 24, 2024

ORDER

WHEREAS:

- A. On December 15, 2023, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed with the British Columbia Utilities Commission (BCUC) its 2024 Revenue Requirements Application (RRA) for the thermal energy system serving downtown Vancouver and Northeast False Creek (NEFC) (together, Core TES) (Application). Creative Energy requests approval of the thermal energy service rates for the Core TES which are equivalent to an average rate of \$12.58 per thousand pounds of steam (M#) along with a system contribution charge of \$10.60 per megawatt hour (MWh) of thermal energy only for customers connected to the NEFC system, effective January 1, 2024;
- B. By Order G-13-24, the BCUC approved, on an interim and refundable basis, effective January 1, 2024, the thermal energy rates equivalent to an average rate of \$12.58 per M# and system contribution charge of \$10.60 per MWh of thermal energy;
- C. On February 16, 2024, Creative Energy filed an evidentiary update to its Application (Evidentiary Update) amending its 2024 revenue requirements. And on February 22, 2024, Creative Energy filed an errata to its Evidentiary Update correcting errors in the Evidentiary Update and amending its request for permanent approval of thermal energy service rates from an average rate of \$12.58 per M# to \$12.62 per M#;
- D. By Orders G-13-24, G-104-24, G-158-24 and G-182-24, the BCUC established and amended regulatory timetables for the review of the Application, which included, among other things, public notice, intervenor registration, BCUC and intervenor information requests (IR) No. 1 and 2 with limited scope, Panel IRs, a request for submissions, and written arguments;
- E. On June 18, 2024, Creative Energy filed its response to the BCUC's Panel IRs amending its 2024 load forecast and amending its request for permanent approval of thermal energy service rates from an average rate of \$12.62 per M# to \$12.54 per M#;

- F. Creative Energy requests that the list of parties notified of the 2024 RRA, filed as Exhibit B-3-1, as well as the unredacted responses to IR No. 1 to the CEC (Exhibit B-8-1) and to IR No. 2 to the BCUC (Exhibit B-9-1) be held confidential. Redacted versions of these responses, filed as Exhibits B-8 and Exhibit B-9 respectively, are publicly available; and
- G. The BCUC has considered the Application, evidence and submissions of the parties and makes the following determinations.

NOW THEREFORE pursuant to sections 58 to 61 of the *Utilities Commission Act* and for the reasons outlined in the decision accompanying this order, the BCUC orders as follows:

1. The BCUC approves the thermal energy rates for the Core TES for 2024, updated as per the directives and determinations made pursuant to this order and decision issued concurrently and subject to the BCUC determinations in the Generic Cost of Capital (GCOC) Stage 2 decision that impact Creative Energy's deemed capital structure and return on equity.
2. Creative Energy is directed to maintain the average thermal energy rate of \$12.58 per M# approved on an interim basis by Order G-13-24 for the customers connected to the Core TES, pending the BCUC's decision on the GCOC Stage 2 proceeding.
3. Creative Energy is directed to establish a Revenue Variance Deferral Account and record in this account the variance between the 2024 average thermal energy service rate of \$12.58 per M# approved on an interim basis by Order G-13-24 and the 2024 interim thermal energy rate updated as per this decision, with interest accruing at Creative Energy's weighted average cost of capital.
4. Creative Energy is directed to maintain the system contribution charge of \$10.60 per MWh of thermal energy approved on an interim basis by Order G-13-24 for customers connected to the NEFC system, pending the BCUC's decision on the GCOC Stage 2 proceeding.
5. Creative Energy is denied its request to add the costs for the Remote Metering Project to the 2024 rate base.
6. Creative Energy is denied its request to establish a Revenue Deficiency Deferral Account.
7. Creative Energy is directed to amortize the December 31, 2023 balance in the Load Forecast Variance Account over one year, in 2024.
8. Creative Energy is approved to use the proposed 2024 debt rate of 7.85 percent.
9. Creative Energy is directed to file a compliance filing within 30 days of this order, including revised financial schedules for the Core TES, to reflect the directives and determinations in this order and decision issued concurrently, and excluding any updates to Creative Energy's deemed capital structure and return on equity that are subject to further direction from the BCUC in the GCOC Stage 2 decision. Creative Energy is further directed to include in this compliance filing a proposal for how it intends to collect from or refund to customers the balance in the Revenue Variance Deferral Account, in accordance with Directive 3 of this order.
10. Creative Energy is directed to file a final compliance filing following the BCUC's decision on the GCOC Stage 2 proceeding, in accordance with that decision, that includes updated financial schedules and amended tariff pages.

11. Creative Energy is directed to comply with all other directives and determinations outlined in the decision issued concurrently with this order.
12. The list of parties notified, along with the unredacted information in Exhibits B-8-1 and B-9-1, contain commercially sensitive information and will be kept confidential until further order of the BCUC.

DATED at the City of Vancouver, in the Province of British Columbia, this 24th day of October 2024.

BY ORDER

Original signed by:

A. K. Fung, K.C.
Commissioner

Creative Energy Vancouver Platforms Inc.
2024 Revenue Requirements for the Core Thermal Energy System

DECISION

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Executive Summary

On December 15, 2023, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed its 2024 Revenue Requirements Application (RRA) for the Core thermal energy system (TES) with the British Columbia Utilities Commission (BCUC) (Application). The Core TES includes the steam system serving downtown Vancouver and the Northeast False Creek (NEFC) hot water distribution network.

Creative Energy owns and operates several TES, with the Core TES being the largest. The Core TES includes the steam production plant at 720 Beatty Street and its associated steam distribution network, which serve more than 200 connected buildings in downtown Vancouver, as well as four buildings connected to the hot water distribution network in NEFC.

Creative Energy seeks approval for thermal energy service rates for Core TES customers, initially set at an average rate of \$12.58 per thousand pounds of steam (M#) along with a system contribution charge of \$10.60 per megawatt hour (MWh) of thermal energy only for customers connected to the NEFC system, effective January 1, 2024. During the proceeding, Creative Energy updated its requested thermal energy service rates for Core TES customers to an average rate of \$12.54/M#, with no change to its proposed system contribution charge for NEFC customers.

By Order G-13-24, the BCUC approved, on an interim and refundable or recoverable basis, thermal energy rates for customers connected to the Core TES in an amount equivalent to an average rate of \$12.58/M#, along with a system contribution charge of \$10.60/MWh of thermal energy for customers connected to the NEFC system, both effective January 1, 2024.

The Panel finds the 2024 forecast revenue requirements for the Core TES to be reasonable for setting thermal energy rates for 2024, subject to the directives and determinations in this decision. **The Panel directs Creative Energy to maintain the average thermal energy rate of \$12.58/M# for customers connected to the Core TES, and the system contribution charge of \$10.60/MWh of thermal energy for customers connected to the NEFC system, both approved on an interim basis by Order G-13-24, pending the BCUC's decision on the Generic Cost of Capital (GCOC) Stage 2 proceeding.** The rates approved herein will remain interim, on a recoverable or refundable basis until the BCUC GCOC Stage 2 proceeding is finalized.

Creative Energy also requests approval to establish a Revenue Deficiency Deferral Account (RDDA) to record a portion of the 2024 revenue requirement to mitigate the rate impact to customers. During the proceeding, however, Creative Energy acknowledged that it is not opposed to the BCUC not approving the RDDA because it expects the overall bill impact will be insignificant even without the RDDA. The Panel agrees with that assessment. Accordingly, **the Panel denies Creative Energy's request to establish an RDDA.**

For the reasons stated in the accompanying decision, **the Panel denies Creative Energy's request to add the costs for the Remote Metering Project to the 2024 rate base, thereby disallowing recovery of any revenue requirement impacts of this rate base addition in 2024.** Creative Energy will have the opportunity, should it wish to do so, to provide adequate information to support any request and any re-application in subsequent RRAs to recover any remaining Remote Metering Project costs.

1.0 Introduction

On December 15, 2023, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed its 2024 Revenue Requirements Application (RRA) for the Core thermal energy system (TES) with the British Columbia Utilities Commission (BCUC), pursuant to sections 58 to 60 and 90 of the *Utilities Commission Act* (UCA) and section 15 of the *Administrative Tribunals Act* (Application). The Core TES includes the steam system serving downtown Vancouver and the Northeast False Creek (NEFC) hot water distribution network.

Creative Energy owns and operates several TES, with the Core TES being the largest. The Core TES includes the steam production plant at 720 Beatty Street and its associated steam distribution network, which serve more than 200 connected buildings in downtown Vancouver, as well as four buildings connected to the hot water distribution network in NEFC.¹

The BCUC reviews applications for changes to rates in accordance with sections 59 to 61 of the UCA. This decision sets out the key issues to be decided in this proceeding, provides an overview of the relevant evidence, considers the positions of the parties, and presents the Panel's determinations on the Core TES rates, effective January 1, 2024.

1.1 Application and Regulatory Process

Creative Energy seeks, among other things, approval for thermal energy service rates for the Core TES customers, initially set at an average rate of \$12.58 per thousand pounds of steam (M#), along with a system contribution charge of \$10.60 per megawatt hour (MWh) of thermal energy only for customers connected to the NEFC system, effective January 1, 2024.² During the proceeding, Creative Energy updated its requested thermal energy service rates for Core TES customers to an average rate of \$12.54/M#, with no change to its proposed system contribution charge.³

The following summarizes the approvals sought by Creative Energy:⁴

1. Permanent approval, effective January 1, 2024, of the thermal energy service rates of \$12.54/M# for its Core TES along with a system contribution charge of \$10.60/MWh of thermal energy only for customers connected to the NEFC system;
2. Approval of a 2024 thermal energy load forecast on an equivalent basis⁵ of 1,077,614 M# for the purpose of determining the average thermal energy service rate increase for 2024;

¹ Exhibit B-1, Section 1.1, p. 1; Creative Energy Application for Rates for the Core Steam and Northeast False Creek Systems (2022 RRA Proceeding), Exhibit B-1, Section 3.1, p. 12.

² Exhibit B-1, Section 1.2, Table 3, p. 5, Appendix B; Exhibit B-3-1, p. 2.

³ Exhibit B-13, Panel Information Request (IR) 1.2.

⁴ Creative Energy Final Argument, p. 4; Exhibit B-13, BCUC Panel IR 1.2.

⁵ Creative Energy stated that natural gas costs from FortisBC Energy Inc. are typically expressed in \$/Gigajoule. For calculation purposes, it has been converted to \$/M# "an equivalent basis" for ease of comparison. (Creative Energy 2023 RRA, Exhibit B-8, BCUC IR 3.1)

3. Approval of the thermal energy load forecast methodology as filed in an evidentiary update to the Application and subsequently revised through an errata to the evidentiary update (collectively, Evidentiary Update);
4. Approval of all the costs associated with the remote metering project (Remote Metering Project);
5. Approval of the following deferral accounts requests:
 - Establish a Revenue Deficiency Deferral Account (RDDA) to defer a portion of the 2024 revenue requirement deficiency, as a means to avoid rate shock;⁶
 - Establish the amortization period for the Load Forecast Variance Account; and
 - Record 2024 third-party Long Term Resource Plan (LTRP) costs in the Third Party Regulatory Costs Deferral Account (TPRCDA).

The regulatory process included public notice of the Application, intervener registration, letters of comment, two rounds of BCUC and intervener information requests (IRs), one round of Panel IRs and final and reply arguments.⁷

Three parties registered as interveners in the proceeding:⁸

- British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and Tenants Resource and Advisory Centre (BCOAPO);
- The Commercial Energy Consumers Association of British Columbia (the CEC); and
- Residential Consumer Intervener Association (RCIA).

The BCUC did not receive any letters of comment.

1.2 Impact of BCUC Generic Cost of Capital Proceeding

In 2021, the BCUC initiated a Generic Cost of Capital (GCOC) proceeding, in which Creative Energy is a registered intervener. The purpose of that proceeding is to establish a method to determine the appropriate cost of capital for regulated utilities in British Columbia (BC), as well as to review the appropriateness of continuing to use a benchmark utility.⁹ On September 5, 2023, the BCUC issued its decision on the GCOC Stage 1 proceeding¹⁰ and determined the deemed capital structure and allowed return on equity (ROE) of FortisBC Energy Inc. (FEI) and FortisBC Inc. (FBC). As part of that decision, the BCUC directed that all other utilities (which includes Creative Energy) using the benchmark utility to set their rates will have interim rates, effective January 1, 2024, on a

⁶ Creative Energy Final Argument, p. 11.

⁷ Exhibit A-2, Order G-13-24; Exhibit A-5, Order G-104-24; Exhibit A-7, Order G-158-24; and Exhibit A-8, Order G-182-24.

⁸ Exhibit C1-1, Exhibit C2-1, and Exhibit C3-1.

⁹ BCUC Generic Cost of Capital Stage 1 (GCOC Stage 1), Decision and Order G-236-23 dated September 5, 2023 (GCOC Stage 1 Decision), p. 1.

¹⁰ GCOC Stage 1 Decision, Executive Summary, p. i.

refundable or recoverable basis, pending the BCUC's final decision on the GCOC Stage 2 proceeding,¹¹ which is currently underway.¹²

On January 12, 2024, the BCUC approved, on an interim and refundable/recoverable basis, thermal energy rates for customers connected to the Core TES in an amount equivalent to an average rate of \$12.58/M# (Original Interim Rate), along with a system contribution charge of \$10.60/MWh of thermal energy only for customers connected to the NEFC system, both effective January 1, 2024.¹³

2.0 2024 Load Forecast and Load Forecasting Methodology

This section reviews the 2024 thermal energy load forecast for the Core TES, including the methodology used, and addresses specific items brought forth by interveners or considered necessary for discussion.

Creative Energy seeks approval of a 2024 thermal energy load forecast of 1,077,614 M# for the purpose of determining the average thermal energy service rate increase.¹⁴ Creative Energy developed this load forecast using a methodology that differs from prior load forecasting and seeks approval to use this revised methodology to derive its load forecasts for 2024 onwards.

As noted above, on January 12, 2024, the BCUC approved on an interim and refundable/recoverable basis, thermal energy rates for customers connected to the Core TES, based on an initial 2024 load forecast of 1,147,000 M#, resulting in the Original Interim Rate of \$12.58/M#. However, during the proceeding, Creative Energy amended the load forecast to 1,077,614 M#, resulting in an amended 2024 average thermal energy service rate of \$12.54/M#.¹⁵

Creative Energy initially developed a 2024 thermal energy load forecast of 1,147,000 M# using the BCUC-approved 2023 load forecast of 1,144,000 M# and the expected load addition of 3,000 M# from the connection of one customer.¹⁶ However, the latter addition was subsequently removed by Creative Energy in this proceeding as the connection has been postponed to a later date in 2024 and is not anticipated to impact its 2024 load forecast.¹⁷

Creative Energy notes that the basis of its initial 2024 load forecast was informed by a methodology that uses the historical 10-year average of steam load data.¹⁸ Creative Energy also applied this methodology to thermal energy load forecasts that were previously approved by the BCUC. However, in Creative Energy's view, the use of the historical 10-year average data to inform the load forecast is becoming increasingly problematic for several reasons. The 10-year average data does not account for recent changes in customer behavior and includes loads from the COVID-19 pandemic years. Additionally, that data includes load from customers that have since disconnected from the Core TES.¹⁹

¹¹ GCOC Stage 1 Decision, Directive 4.

¹² BCUC Generic Cost of Capital Stage 2. Proceeding's record available at <https://www.bcuc.com/OurWork/ViewProceeding?applicationid=1148>

¹³ Exhibit A-2, Order G-13-24.

¹⁴ Exhibit B-13, Panel IR 1.2.

¹⁵ Exhibit A-2, Order G-13-24; Exhibit B-13, Panel IR 1.2. Creative Energy did not formally request approval for the resulting average thermal energy service rate of \$12.54/M#, despite seeking approval for the revised 2024 thermal energy load forecast of 1,077,614 M#.

¹⁶ Exhibit B-1, Section 2.2, p. 7.

¹⁷ Exhibit B-3, Section 5, p. 4.

¹⁸ Exhibit B-3, Section 4, p. 3.

¹⁹ Exhibit B-5, BCUC IR 4.4.1.

Given that the Core TES load has not returned to pre-pandemic levels,²⁰ Creative Energy initiated a study to assess recent shifts in its customer load patterns.²¹ This study examined the loads for 25 Core TES customers from the steam network and includes primarily office and hotel buildings, whose thermal energy load in 2022 and 2023 did not return to pre-pandemic levels. These customers constitute approximately 25 percent of the steam load from the Core TES.²² Creative Energy concluded from the study results that the reductions in actual weather-normal Core TES load observed in 2022 and 2023 are permanent. Additionally, Creative Energy determined that data from these years reflects a stable baseline for both current and future load requirements, as it accounts for recent customer attrition and implementation of energy efficiency measures. Further, Creative Energy considers operations, space utilization and occupancy levels in the Core TES customer buildings to have “stabilized” in 2022 and 2023, suggesting no further load fluctuations due to the pandemic.²³

In light of the study’s findings, Creative Energy proposes a revised thermal energy load forecast methodology, which involves averaging weather-normal steam load data for post-pandemic years (i.e., post-2021) to forecast load for current and future test periods. Creative Energy clarifies that the revised methodology does not adjust the NEFC system load, as it is unlikely that NEFC customer buildings will be retrofitted in 2024.²⁴ Creative Energy provides the actual weather-normal NEFC load of 70,309 M# for 2022 and 2023.²⁵ Creative Energy notes that as more years of post-pandemic data become available, the baseline will further stabilize for future load forecasts. Creative Energy considers this approach reasonable because it accounts for the observed changes in customer behavior since the pandemic.²⁶

Applying this revised methodology, Creative Energy recalculated the 2024 thermal energy load forecast. The revised forecast is based on the average of 2022 actual weather normal Core TES load of 1,092,031 M# (including NEFC) and 2023 actual weather normal Core TES load of 1,063,197 M# (including NEFC), resulting in a total load forecast of 1,077,614 M# for 2024.²⁷ In its Final Argument, Creative Energy submits that its proposed revised load forecast methodology is the best available approach to develop an accurate thermal energy load forecast for current and future test periods as it reflects the future expected steam consumption of its customer base.²⁸

Positions of the Parties

BCOAPO recommends that Creative Energy calculate the load forecast for 2024 using the current methodology, which considers the average 10-years of historical consumption data, and results in a load forecast of 1,147,000 M#. BCOAPO submits that it may not be appropriate to deviate from the current methodology until Creative Energy’s LTRP is complete, because the LTRP may improve the utility’s ability to forecast future load.²⁹

The CEC agrees with the concept of averaging prior years’ weather-normalized actual loads as a reasonable load forecast methodology, except where trends reflect a consistent historical decline in load, which would result in persistent over-forecasting. The CEC observes that since 2011, the Core TES load has been on a generally declining trend. The CEC recommends that the BCUC direct Creative Energy to improve its load forecasting performance for RRAs and other rate-making purposes, to accurately reflect the attrition of Core TES load.³⁰

²⁰ Exhibit B-3, p. 3.

²¹ Exhibit B-1, Section 2.2., p. 8

²² Exhibit B-9, BCUC IR 22.1; Creative Energy Final Argument, p. 6.

²³ Exhibit B-5, BCUC IR 4.1.

²⁴ Exhibit B-3, pp. 3 and 5.

²⁵ Exhibit B-9, BCUC IR 21.1.

²⁶ Exhibit B-3, p. 3.

²⁷ Exhibit B-13, Panel IRs 1.1 and 1.2.

²⁸ Creative Energy Final Argument, p. 7.

²⁹ BCOAPO Final Argument, pp. 6–7.

³⁰ The CEC Final Argument, p. 10

The CEC acknowledges, however, that there has been some load recovery during the last two years of actuals (2022-2023), which Creative Energy refers to as post-pandemic stabilization attributable primarily to increased customer awareness. Therefore, the CEC recommends, for the purpose of determining the rate increase in the 2024 RRA, that Creative Energy base its load forecast methodology on the 2023 weather-normalized Core TES load of 1,063,197 M#. ³¹

In reply, Creative Energy maintains that its proposed revised methodology is appropriate and aligns with its LTRP, serving as a foundational element for future forecasting improvements. Creative Energy argues that the alternative proposals from BCOAPO and the CEC add unnecessary complexity and lack a basis for altering the current approach. ³² Creative Energy submits that it is a utility's responsibility to establish the approach and the methodology by which it derives its load forecast, and it is not the role of the interveners to propose alternative approaches. ³³

Panel Determination

In this section the Panel addresses issues regarding the 2024 TES load forecast and the methodology that underlies it.

The Panel is persuaded that the methodology that Creative Energy used prior to this RRA, which relies on the historical 10-year average data to inform the load forecast, is becoming less relevant due to changes in Creative Energy's business and operating environment. As the CEC notes, the Core TES load has generally been declining since 2011, and continuing to rely on this methodology would result in persistent over-forecasting. Although ten years of data seems at first blush to be comprehensive, extrapolating future load forecast from that data may be unwarranted because it includes customers prior to the pandemic, or who have since disconnected from the system, or whose behaviour has changed. In light of these factors, the Panel is persuaded that a different load forecasting methodology merits consideration for Creative Energy's 2024 load forecast. One possibility, as BCOAPO suggests, is that Creative Energy's LTRP may improve its ability to forecast future load; however, given the flaws in the current load forecasting methodology we do not accept that Creative Energy should wait to revise its methodology until its LTRP is complete.

The Panel finds that it would be inappropriate to continue using the existing methodology, which appears flawed based on Creative Energy's recent study, to determine its 2024 load forecast. In light of that study and absent any persuasive evidence in this proceeding as to a better methodology, the Panel is prepared to accept, as a reasonable temporary measure, Creative Energy's use of the revised load forecast methodology, which reflects the average of actual weather-normal load over the previous two years (2022 and 2023), to derive its load forecast for 2024. It therefore follows that **the Panel finds the resulting reduced 2024 thermal energy load forecast of 1,077,614 M# using this new methodology to be reasonable for the purpose of rate-setting for 2024.**

Nonetheless, we deny Creative Energy's request to use the proposed revised methodology to derive its load forecasts on an ongoing basis beyond 2024 because we consider there is insufficient evidence and analysis to make that determination at this time. Switching from a data set comprising 10 years of historicals to a data set drawn across only two years to inform future forecasts requires a leap of faith that we are not yet prepared to make.

The Panel views that Creative Energy must provide more robust analysis and continue to investigate the load patterns, to support the use of its proposed new methodology on an ongoing basis. For example, Creative Energy could consider a data set averaged over 10-years and adjusted to remove customers who have disconnected during that period. The Panel notes that Creative Energy only examined the load patterns of 25

³¹ The CEC Final Argument, p. 7

³² Creative Energy Reply Argument, pp. 5–6.

³³ Creative Energy Reply Argument, p. 10.

Core TES customers to inform the load attrition expected during 2024, although it did not use this information to calculate the load forecast for 2024. The 2024 thermal energy load forecast of 1,077,614 M# was derived using the average actual weather-normalized Core TES load over a two-year period from 2022 to 2023. To clarify, we expect Creative Energy’s further load forecasting methodology analysis to incorporate more than 25 customers and to reflect more than 25 percent of the total load. Accordingly, **we direct Creative Energy to submit more information to support its proposed load forecast methodology in its next RRA.**

3.0 2024 Revenue Requirements

This section examines the 2024 forecast revenue requirements for the Core TES.

The proposed 2024 thermal energy service rates are based on Creative Energy’s 2024 forecast revenue requirements, discussed in this section, and the load forecast, which is discussed above in Section 2.0. The proposed system contribution charge of \$10.60/MWh of thermal energy, however, is not impacted by the 2024 forecast revenue requirements for the Core TES and applies exclusively to NEFC customers. As a distinct charge, it is discussed separately in Section 5.1 of this decision.

Creative Energy forecasts a 2024 revenue deficiency of \$3,264,652³⁴ before the proposed deferral of \$2,578,833 to the RDDA, as discussed in Section 3.6.1. After accounting for this proposed deferral, combined with the forecast reduction in load from 2023 (1,144,000 M#) to 2024 (1,077,614 M#), there is an approximate 11.86 percent³⁵ increase in the proposed average thermal energy service rates compared to the 2023 approved rates. Table 1 below summarizes Creative Energy’s revenue requirements for 2023 approved and 2024 forecast.

Table 1: 2023 Approved and 2024 Forecast Revenue Requirements³⁶

Cost or Rate Component	2023 Approved	2024 Forecast
O&M - Total	7,479,324	8,532,669
Wages and Benefits (Steam, Distribution & Management)	4,396,245	5,120,172
Information Technology (IT) Services	338,343	686,216
Water and Electricity Expenses	1,145,132	1,096,816
Maintenance and related functional Operations	649,602	708,995
Special Services (Regulatory, Audit, Legal, Consultant)	509,715	342,173
Other General & Administration & Sales Expense	440,287	578,297
Municipal Access Fee	337,570	374,806
Property Taxes	859,800	885,594
Income Taxes	200,500	130,600
Depreciation	1,222,740	1,274,540
Interest Expense (deemed)	1,367,000	1,385,000
Return on Equity	1,280,000	1,762,000
Total Return on Rate Base	2,647,000	3,147,000

³⁴ Calculated as follows: Creative Energy’s 2024 forecast revenue requirements less the 2023 BCUC-approved revenue requirements = (\$13,512,625 + \$2,578,833) – \$12,826,806 = \$16,091,458 – \$12,826,806 = \$3,264,652.

³⁵ The BCUC calculated the 11.86 percent increase using the following calculation: $[(2024 \text{ Forecast Average Rate } \$/\text{M}\#) / (2023 \text{ BCUC-Approved Average Rate } \$/\text{M}\#)] - 1 = (12.54 / 11.21) - 1 = 11.86\%$.

³⁶ Table compiled based from Exhibit B-5, BCUC IR 1.1; 2024 values are from Exhibit B-3-1, Attachment “Schedules_EvidentiaryUpdate_Errata”, Tabs “Sch 1 RRA”, “Sch 2 Rate Base”, “Sch 13 Cost of Capital” and “Sch 15 O&M”; 2023 values are from Creative Energy’s Compliance Filing of Regulatory Schedules in Accordance with Order G-358-23 dated February 15, 2024, Attachment “Compliance filing – 2023 Core and NEFC TES RRA” (2023 RRA Final Compliance Filing), Tabs “Sch 1 RRA”, “Sch 2 Rate Base”, “Sch 13 Cost of Capital” and “Sch 15 O&M”. Minor differences are due to rounding.

Subtotal	12,746,934	14,345,210
Approved amortization of deferral accounts in steam rate	79,872	1,746,248
Revenue Deficiency Deferral Account (RDDA)	-	(2,578,833)
Revenue	12,826,806	13,512,625
Rate Summary		
Steam Load M#	1,144,000	1,077,614 ³⁷
Average Steam Rate \$/M#	11.21	12.54 ³⁷
Average Steam Rate % increase	14.58%	11.86% ³⁷
Rate of Return Summary		
Rate Base	31,700,800	34,583,319
Debt	18,227,960	17,637,493
Equity	13,472,840	16,945,826
Debt %	57.5%	51.0%
Equity %	42.5%	49.0%
Weighted Average Cost of Debt (estimated)	7.5%	7.85%
ROE	9.5%	10.4%
Total Return on Rate Base	8.35%	9.10%

As shown in Table 1 above, 2024 forecast operations and maintenance (O&M) expenses are \$8,532,669 as compared to the 2023 BCUC-approved amount of \$7,479,324. This reflects an increase of \$1,053,345, or 14.1 percent.³⁸ While nearly all components of O&M expenses are forecast to increase in 2024 compared to the 2023 BCUC-approved amounts, the largest increase is attributed to Wages and Benefits, followed by Information Technology (IT) Services. The Panel examines the forecast increase in Wages and Benefits and IT Services in Sections 3.1 and 3.2.

Overall Panel Determination on the 2024 Revenue Requirements

The Panel has reviewed the various components of the 2024 forecast revenue requirements for the Core TES. With the exception of the specific issues reviewed below, no party, including the Panel, questioned the reasonableness of Creative Energy's 2024 forecast revenue requirements. Subject to the directives and determinations in the following subsections of this decision, the Panel finds the 2024 forecast revenue requirements as set out in Table 1 reasonable for setting Creative Energy's thermal energy rates for 2024 for the Core TES. Accordingly, **the Panel approves the thermal energy rates for the Core TES for 2024, updated as per the directives and determinations made pursuant to this decision and subject to the BCUC determinations in the GCOC Stage 2 decision that impact Creative Energy's deemed capital structure and return on equity.** As further discussed in Section 4.0, the rates approved herein will remain interim, on a recoverable or refundable basis, until the GCOC Stage 2 proceeding is finalized.

3.1 Wages and Benefits

As shown in Table 1 above, 2024 forecast Wages and Benefits (Steam, Distribution & Management) expenses are \$5,120,172, as compared to the 2023 BCUC-approved amount of \$4,396,245. This represents an increase of

³⁷ Exhibit B-13, Panel IR 1.2. The "Average Steam Rate \$/M#" and "Average Steam Rate % increase" were recalculated based on the updated thermal energy load forecast provided in Exhibit B-13 for which Creative Energy is seeking approval. The "Average Steam Rate \$/M#" = \$13,512,625 / 1,077,614 M# = \$12.54/M#. The "Average Steam Rate % increase" = (((\$12.54/M#) / (\$11.21/M#)) - 1 = 11.86%.

³⁸ 2024 and 2023 values from Table 1 of this Decision. Difference calculated as follows: \$8,532,669 - \$7,479,324 = \$1,053,345. Percent increase calculated as follows: \$1,053,345 / \$7,479,324 = 14.1 percent.

\$723,927, or 16.5 percent.³⁹ The three primary drivers of this increase are: overlapping tenure between two positions, new roles, and salary increases, which are reviewed below.

Overlapping Tenure

Creative Energy explains its chief engineer is approaching retirement and, as part of succession planning, an assistant chief engineer was hired in December 2023.⁴⁰ The latter shadows and collaborates with the incumbent chief engineer. The 2024 forecast for Wages and Benefits includes \$173,542 related to the overlapping tenure between these two positions.⁴¹ During the proceeding, Creative Energy stated that the chief engineer has since transitioned into a new role focused on capital projects, which does not require cost recovery from customers in 2024.⁴² As such, Creative Energy proposes removing the \$173,542 in overlapping tenure costs from the 2024 revenue requirements as part of its final compliance filing for this proceeding.⁴³

New Roles

Creative Energy intends to hire the following nine new roles in 2024 to build its complement of staff that is necessary to maintain safe and reliable service, compliance with regulatory requirements, and growth of the customer base connected to the Core TES:⁴⁴

- Manager, Enterprise Applications
- Commercial Manager for Customer Support
- Security Analyst
- Regulatory Analyst
- Accounts Payable (AP) Clerk
- Human Resource (HR) Specialist
- Marketing Associate
- Commercial Analyst
- Automation Specialist

The 2024 forecast Wages and Benefits includes an incremental cost of \$429,331 for these positions,⁴⁵ with eight of the nine roles budgeted to start January 1, 2024.⁴⁶ However, Creative Energy states that hiring is behind schedule⁴⁷ and of the nine new roles, it expects four to start later than anticipated (Manager Enterprise Applications, Security Analyst, Regulatory Analyst and AP Clerk) and three roles (HR Specialist, Marketing Associate and Commercial Analyst) were no longer required in 2024, and removed from the budget.⁴⁸

When the incremental costs are pro-rated to reflect these delays, and with the removal of the three roles, Creative Energy states the adjusted incremental cost for the new roles would be \$283,762 rather than \$429,331, resulting in a \$145,569⁴⁹ decrease in 2024 forecast Wages and Benefits.⁵⁰ In its Final Argument, Creative Energy proposes to repurpose the \$145,569 savings from the delay of new hires to fund a new LTRP role, with estimated costs of approximately \$135,000 through June 2024. Creative Energy acknowledges, however, that it did not provide an evidentiary update to repurpose the cost savings from the hiring delays to cover LTRP costs,

³⁹ 2024 and 2023 values from Table 1 of this Decision. Difference calculated as follows: \$5,120,172 - \$4,396,245 = \$723,927. Percent increase calculated as follows: \$723,927 / \$4,396,245 = 16.5 percent.

⁴⁰ Exhibit B-1, p. 18; Exhibit B-5, BCUC IR 5.3.

⁴¹ Exhibit B-1, p. 18.

⁴² Exhibit B-5, BCUC IR 5.4.

⁴³ Exhibit B-5, BCUC IR 5.3.

⁴⁴ Exhibit B-1, pp. 20–21.

⁴⁵ Exhibit B-1, Table 13, p. 20.

⁴⁶ Exhibit B-5, BCUC IR 6.8.

⁴⁷ Exhibit B-5, BCUC IR 6.8.

⁴⁸ Exhibit B-5, BCUC IR 6.8; Exhibit B-9, BCUC IR 23.10.

⁴⁹ Calculated by the BCUC as follows: (\$429,331 – \$283,762 = \$145,569).

⁵⁰ Exhibit B-9, BCUC IR 23.10.

and states it is open to other approaches that the BCUC sees fit for dealing with these internal management costs.⁵¹ As discussed below, one intervener suggested recording these repurposed internal labour costs in the TPRCDA.

Salary Increases

For 2024, Creative Energy has applied a general salary increase of 3.3 percent to steam production supervision and labour and distribution supervision and labour.⁵² However, for professional and management positions, Creative Energy determined that salaries for certain roles were substantially below market levels. To address this and align these positions closer to the 50th percentile of market compensation, Creative Energy applied an overall 8 percent salary increase.⁵³ This adjustment aims to improve employee retention and reduce the risk of turnover. Creative Energy notes that it has experienced losses of key employees due to historically below-market compensation and replacing them has proven challenging and costly due to the specialized nature of the industry. For positions already at or near market levels, Creative Energy is limiting the increase to an inflation adjustment, based on 2023 CPI data.⁵⁴

Creative Energy completed a market analysis in arriving at this adjustment and used data several credible market sources, including industry salary surveys and professional associations. Key data sources included the Association of Professional Engineers and Geoscientists of Alberta December 2023 salary survey by Mercer, the Willis Towers Watson General Industry Survey for Middle Management, Professional and Support Survey Report Canada, the Robert Half Salary Guide Canada 2024, and data from recruitment boards and Creative Energy's own recruitment experience. These data sources were selected for their relevance, currency, and cost effectiveness.⁵⁵

Creative Energy states that key positions in its engineering team were the focus for salary increases because these professional level knowledge-based positions are critical to the seamless delivery of core projects and turnover in these positions has a significant impact on service delivery.⁵⁶ Creative Energy adds that if a 3.3 percent salary increase were applied to professional and management positions instead, the 2024 revenue requirements would decrease by \$90,071.⁵⁷

Positions of the Parties

BCOAPO and RCIA offer the following submissions on the three issues raised regarding Wages and Benefits.

BCOAPO supports reducing the 2024 O&M forecast for the following: (i) \$173,542 because of overlapping tenure between the assistant chief engineer hired to replace the retiring chief engineer; (ii) \$145,569 to account for hiring delays; and (iii) \$90,071 to reflect a 3.3 percent general salary increase in place of the 8 percent increase that Creative Energy proposes. BCOAPO opposes repurposing the \$145,569 in cost savings to the LTRP, suggesting that the reduction benefits current customers and any expenses associated with the LTRP should be recorded to the TPRCDA, and reviewed as part of a future proceeding.⁵⁸

RCIA raises concern over the lack of justification for O&M costs, and highlights that these costs have increased significantly beyond inflation since 2020 despite relatively constant load. RCIA notes the 8 percent increase is not linked to any corresponding service improvements and submits that current salary levels are sufficient to attract and retain personnel. RCIA questions the need for the new roles, which account for 81 percent or

⁵¹ Creative Energy Final Argument, pp. 16–17.

⁵² Exhibit B-1, Section 4.2.3.2, Table 9, p. 18; Section 4.2.3.3, Table 11, p. 19.

⁵³ Exhibit B-1, Section 4.2.3.4, Table 13, p. 20; Exhibit B-5, BCUC IRs 6.2 and 6.2.1.

⁵⁴ Exhibit B-5, BCUC IRs 6.2, 6.2.1 and 6.2.2.

⁵⁵ Exhibit B-8, The CEC IR 12.1; Exhibit B-9, BCUC IR 23.6.

⁵⁶ Exhibit B-9, BCUC IR 23.5.

⁵⁷ Exhibit B-9, BCUC IR 23.8.

⁵⁸ BCOAPO Final Argument, pp. 8–9.

\$429,331 of the increase in Management Labour and Benefits over the 2023 RRA, because there is no clear link to increased demand or service requirements. RCIA recommends any increase in O&M be reduced to align with BC CPI.⁵⁹

In reply, Creative Energy argues that the \$145,569 budget difference from hiring delays resulted in savings that it allocated to hire a director to progress the LTRP. It also submits that the 8 percent salary increase, to bring existing staffing salaries for professional and management employees up to the 50th percentile of the market, is crucial for retaining them in a highly competitive and specialized industry.

Creative Energy argues that the proposed O&M increases are justified and necessary, reflecting commitments to meet regulatory, safety, and modernization obligations. Creative Energy adds that limiting these increases to BC CPI as RCIA proposes, or reducing them as BCOAPO proposes, would undermine its ability to meet these obligations. Creative Energy emphasizes that not all O&M costs are tied to the BC CPI and that service levels and legislative requirements have increased along with its commitments to the BCUC, the public, and its customers, necessitating investments in cybersecurity, utility modernization, specialized personnel, and the reliability and safety of current assets. Creative Energy contends that the proposed increases are essential for compliance and providing reliable service standards and should not be reduced based on a stable load or inflation metrics alone.⁶⁰

Panel Determination

The Panel addresses the three issues regarding Wages and Benefits below.

First, with respect to the issue of overlapping tenure between the incumbent chief engineer and his successor, we accept Creative Energy's proposal to remove \$173,542 from the 2024 revenue requirements. The roles of assistant chief engineer and chief engineer no longer overlap and the chief engineer has now transitioned to a new role focused on capital projects, for which Creative Energy is not seeking cost recovery in 2024. Accordingly, **the Panel directs Creative Energy to remove \$173,542 from the 2024 revenue requirements as part of the final compliance filing for this proceeding.**

Second, with respect to new hires, we find the prorating of the budgeted amount for new hires to be reasonable, because Creative Energy's plan to hire people to fill nine new roles is behind schedule. Accordingly, **the Panel directs Creative Energy to prorate the \$429,331 cost of "New Roles" to \$283,762 to account for the delayed start dates. Creative Energy is also directed to include this adjustment in its final compliance filing for this proceeding. The Panel also denies Creative Energy's request to repurpose a portion of the savings from the delayed hires to fund a new LTRP role.**

Creative Energy did not seek approval to hire this individual as part of its original forecast of 2024 Wages and Benefits. Creative Energy's request to fund this new LTRP role was only made as part of its Final Arguments after the BCUC inquired about the financial impact of the delayed hiring on Creative Energy's 2024 revenue requirements. This suggests that the need for the role was not thoroughly considered or planned by Creative Energy, rather proposed only after the BCUC inquired about potential cost savings arising from the delays in new hiring. Had Creative Energy anticipated the need for this LTRP role, it should have been identified at the time of the filing of the Application and in any event, earlier in this proceeding, during the evidentiary phase. Similarly, we reject BCOAPO's recommendation that the cost for the new LTRP hire be included in the TPRDA. As the name of the deferral account implies, that account was approved by the BCUC for the purpose of capturing Creative Energy's third party regulatory costs that are not within its reasonable control, not for internal costs attributable to the preparation of Creative Energy's LTRP which should form part of its forecast O&M for 2024.

That said, and notwithstanding our determination above to prorate the budgeted amounts for new hires in 2024 to reflect the delay in hiring, RCIA has not persuaded us that Creative Energy must demonstrate increased

⁵⁹ RCIA Final Argument, pp. 9–13.

⁶⁰ Creative Energy Reply, pp. 6–7, 9.

demand or service requirements to justify the new roles. We are persuaded instead by Creative Energy’s submission that increased service levels and legislative requirements have created the need for increased investment in specialized personnel.

Third, with respect to the salary increases, we find Creative Energy’s proposal to increase salaries by 3.3 percent for steam production and distribution employees and 8 percent for professional and management employees to be reasonable. Although neither BCOAPO nor RCIA oppose the 3.3 percent increase, both objected to the 8 percent increase for professional and management employees; RCIA, for example, questions whether increases beyond current salary levels are necessary to attract and retain personnel. The Panel accepts Creative Energy’s assertion that salaries for its professional and management employees were below market, which appear to be supported by its external salary surveys. In light of this evidence, we find no basis to conclude that an 8 percent salary increase to bring the compensation for these specific employees closer to the 50th percentile of the market is unnecessary or overly extravagant.

3.2 Information Technology Services

As shown in Table 1 above, 2024 forecast IT Services expenses are \$686,216, as compared to the 2023 BCUC-approved amount of \$338,343. This represents an increase of \$347,873 or 102.8 percent.⁶¹ Creative Energy attributes the increase primarily to ongoing development around the requirements for IT Services, including the BCUC’s Cybersecurity Framework Pilot, as well as a historical underinvestment in critical infrastructure, which now requires it to make material investments to support the overall operations of the system and the utility.⁶² Key areas of focus include:⁶³

- Information systems: upgrading the current accounting system to a modern cloud-based solution, using a computerized maintenance management system and introducing a dedicated HR information system.
- Information technology: improving IT infrastructure by decommissioning outdated equipment, enhancing network visibility, infrastructure redundancy and internet bandwidth, and adopting cybersecurity measures like the zero-trust model.
- Cybersecurity: aligning with the BCUC’s Cybersecurity Framework Pilot by adopting the NIST⁶⁴ Cyber Security Framework and enlisting a managed security services provider for 24/7 monitoring and incident response.

Table 2 below provides a breakdown of Creative Energy’s 2024 Forecast IT Services expenses comparing 2024 forecast costs with the 2023 BCUC-approved costs.

Table 2: 2024 Forecast IT Services Expenses⁶⁵

IT Services Cost Component	2023 Approved	2024 Forecast
General IT - Total	\$175,226	\$337,687
Data Backup and Recovery, System Maintenance, Software Licenses, Cloud Infrastructure, SaaS subscriptions, IT Consulting, IT contractor costs, Peripherals and Accessories, Managed Service Provider, Professional Development, Internet Service Provider		
Cybersecurity - Total	\$163,117	\$348,529*
Managed Security Operations Center (MSOC)	\$44,632	\$182,044

⁶¹ 2024 and 2023 values from Table 1 of this Decision. Difference calculated as follows: \$686,216 – \$338,343 = 347,873. Percent increase calculated as follows: \$347,873 / \$338,343 = 102.8%.

⁶² Exhibit B-1, Section 4.2.4.1, pp. 21–22.

⁶³ Exhibit B-1, Section 4.2.4.2, p. 22; Section 4.2.4.3, p. 23; Section 4.2.4.4, pp. 23–24.

⁶⁴ National Institute of Standards and Technology.

⁶⁵ Table compiled based on values taken from Exhibit B-1, Section 4.2.4.6, Table 15, p. 24 and Exhibit B-5, BCUC IR 7.1.

Security Tools	\$84,482	\$126,484
Security Audits	\$0	\$40,000
Other**	\$34,003	\$0
Total	\$338,343	\$686,216

* Due to rounding, the 2024 cybersecurity costs may not sum to the total amount shown; and due to immaterial differences the 2023 cybersecurity individual cost components may not agree to the BCUC-approved amounts.

** The "Other" category includes cybersecurity costs that were not specifically allocated to MSOC, security tools, or security audits.

As shown in Table 2 above, 2024 forecast IT Services include \$182,044 for MSOC costs. Creative Energy explains that it initially planned to procure a MSOC provider in 2023, but could not do so due to time and resource constraints.⁶⁶ As a result, the \$44,632 forecast in 2023 to procure a MSOC provider was not incurred and will be carried forward into 2024, contributing to the total 2024 forecast of \$182,044.⁶⁷ Creative Energy filed confidential information to the BCUC on potential MSOC provider(s) and the associated cost(s), for review.⁶⁸

Positions of the Parties

BCOAPO recommends that apart from cybersecurity-related expenditures being made upon BCUC direction (\$0.349 million), the remaining incremental operating and capital IT expenditures above the 2023 approved amounts should not be included in 2024 approved rates.⁶⁹ BCOAPO submits that Creative Energy has made these expenditures based largely on management judgement instead of business cases prepared to demonstrate financial due diligence, which does not amount to sufficient justification.

Creative Energy disagrees with BCOAPO, stating that it has provided comprehensive details and justification for each IT cost item. Creative Energy emphasizes that IT projects undergo extensive analysis and internal process, ensuring that all projects are justified at all levels. Creative Energy also contends that cybersecurity-related projects cannot be undertaken without necessary upgrades to its IT infrastructure. Finally, Creative Energy notes that these IT projects address system deficiencies, align with BCUC Cybersecurity Framework Guidelines and manage long-term cost escalations.⁷⁰

Panel Determination

The Panel accepts Creative Energy's 2024 forecast IT infrastructure costs in the amount of \$504,172.⁷¹ This is the 2024 forecast IT services amount included in the 2024 forecast revenue requirements net of the MSOC costs. The Panel has reviewed the associated IT operating costs and considers them reasonable for recovery. We are not persuaded by BCOAPO's submission that Creative Energy has provided insufficient justification for these costs. We accept Creative Energy's acknowledgement that it has underinvested in IT infrastructure to date which, combined with the BCUC Cybersecurity Guidelines for Regulated Entities, means that Creative Energy must now incur significant investment to catch up with those compliance obligations.

Following the Panel's review of the confidential information filed to the BCUC on potential MSOC provider(s) and the associated cost(s), given that Creative Energy has not yet procured a MSOC provider, **we direct Creative Energy to remove the \$182,044 of MSOC costs from the 2024 revenue requirements and establish a deferral account to record the actual 2024 MSOC costs with interest at Creative Energy's weighted average cost of debt (WACD). Creative Energy is also directed to provide a list of the recorded amounts for review as part of the next RRA prior to any balance being amortized.**

⁶⁶ Exhibit B-5, BCUC IR 7.1.

⁶⁷ Exhibit B-5, BCUC IR 7.1.

⁶⁸ Exhibit B-9-1 (**Confidential**), BCUC IR 24.4 and 24.4.1.

⁶⁹ BCOAPO Final Argument, p. 10.

⁷⁰ Creative Energy Reply, pp. 15–16.

⁷¹ Values from Table 2 of this Decision. Calculated as follows: 2024 Forecast IT Services Expenses of \$686,216 – MSOC costs of \$182,044 = \$504,172.

3.3 Bad Debt Expense

In addition to considering the issues regarding Wages and Benefits and IT Services, the Panel reviews below the reasonableness of Creative Energy's 2024 Bad Debt Expense, which is a component of the 'Other General & Administration & Sales Expense' in Table 1 above.

Creative Energy forecasts bad debt expense of \$38,371 for 2024, as compared to the BCUC-approved amount of \$21,573 for 2023.⁷² The 2023 actuals were \$59,473, due to continued unpaid invoices from the Avalon Hotel.⁷³ In the decision for Creative Energy's 2023 Revenue Requirements for the Core TES accompanying Order G-358-23 (2023 RRA Decision), the BCUC denied the recovery of \$65,000 in bad debt expense from customers related to the Avalon Hotel, based on its finding that Creative Energy's attempts at recovering the outstanding bad debt from the Avalon Hotel were severely inadequate.⁷⁴

Creative Energy states that its 2024 bad debt expense is a general estimate based on previous year's actuals and that no specific amounts related to the Avalon Hotel are included in the 2024 revenue requirements.⁷⁵

Positions of the Parties

Intervenors did not comment on this issue.

Panel Determination

The Panel finds that the forecast 2024 bad debt expense of \$38,371 is reasonable and notes that this forecast is informed by the 2023 actuals. However, if any portion of this forecast includes amounts related to the bad debt from the Avalon Hotel, those amounts must be excluded. **Creative Energy is directed to ensure that any forecast bad debt from the Avalon Hotel is removed from the 2024 revenue requirements as part of its final compliance filing.**

3.4 Cost of Debt

Creative Energy forecasts a cost of debt of 7.85 percent for 2024, which results in a forecast interest expense of \$1,385,000 in the 2024 revenue requirement.⁷⁶ This compares to a 7.5 percent cost of debt and \$1,367,000 interest expense in 2023 Approved.⁷⁷ Creative Energy states that the methodology and assumptions used to forecast the 2024 interest expense have not changed from the 2023 RRA.⁷⁸

Positions of the Parties

Intervenors did not comment on this issue.

Panel Determination

The Panel approves the proposed 2024 interest rate of 7.85 percent. Creative Energy has used the same methodology and assumptions as in prior years, and there is no reason to deviate from current methodology.

⁷² Exhibit B-5, BCUC IR 8.1.

⁷³ Exhibit B-5, BCUC IRs 8.1 and 8.2.

⁷⁴ Creative Energy 2023 Revenue Requirements for the Core Thermal Energy System (2023 RRA Proceeding), Decision and Order G-358-23 (2023 RRA Decision), p. 27.

⁷⁵ Exhibit B-9, BCUC IR 25.2.

⁷⁶ Exhibit B-1, p. 32.

⁷⁷ 2023 RRA Decision, p. 36.

⁷⁸ Exhibit B-5, BCUC IR 10.4.

3.5 Capital Additions

Creative Energy forecasts capital additions of \$4.65 million in 2024 for the Core TES.⁷⁹ The following table summarizes these capital additions by scope of work:⁸⁰

Table 3: Core TES Capital Additions

	2024 Forecast
Steam Production Plant	\$360,000
Steam Distribution System	\$1,735,279
Customer Building Services	\$160,000
Other	\$2,391,089
Total Capital Additions	\$4,646,368

The 2024 forecast capital additions (\$360,000) for the steam production plant at 720 Beatty Street are discussed in Section 3.5.1. The steam distribution system's 2024 forecast capital additions (\$1,735,279) include manhole rebuild work, with a portion of the costs carried forward from 2023.⁸¹ For customer building services, the 2024 forecast capital additions (\$160,000) pertain to meter replacements unrelated to the remote metering project and the rebuild of pressure reducing valves.⁸² The "Other" cost category (\$2,391,089) primarily includes the following:

- Remote Metering Project (\$1,518,370): capital costs from 2017-2024 are proposed to enter rate base in 2024.⁸³ Further details on the forecast capital additions for the Remote Metering Project are discussed in Section 3.5.2.
- IT costs (\$648,719): include investments in both cybersecurity and general IT improvements. Cybersecurity costs focus on enhancing physical security, managed security services, internet upgrades and network and system infrastructure cleanup. General IT capital costs involve upgrading customer applications, consolidating customer data, modernizing financial systems and implementing tools for maintenance management, human resource services, reporting, and integration.⁸⁴
- Enterprise process automation and reporting solutions (\$200,000): include an accounts payable automation project and financial reporting and planning software tool, which were delayed from 2023 to 2024.⁸⁵

Creative Energy revised the 2023 closing rate base balance from \$3.05 million,⁸⁶ as accepted by the BCUC in the 2023 RRA Decision, to \$2.87 million, resulting in a \$183,761 reduction. This reduction is primarily due to delays in completing certain projects by the end of 2023, which have been carried forward to capital additions in 2024 and future test periods, including manhole rebuild work and enterprise process automation and reporting solutions.⁸⁷

⁷⁹ Exhibit B-1, Appendix E, p. 1.

⁸⁰ Exhibit B-1, Section 5.4, Table 30, p. 34.

⁸¹ Exhibit B-1, Appendix E, Table E-2, p. 1.

⁸² Exhibit B-1, Appendix E, Table E-2, p. 2; Exhibit B-5, BCUC IRs 12.1 and 12.2.

⁸³ Exhibit B-1, Section 3.3, p. 11; Exhibit B-1, Section 5.4, Table 31, p. 35.

⁸⁴ Exhibit B-1, Section 5.4, Table 31, p. 35; Exhibit B-5, BCUC IR 14.3.

⁸⁵ Exhibit B-1, Section 5.4, Table 31, p. 35; Exhibit B-5, BCUC IR 14.2. Includes Ricoh Laserfiche accounts payable automation (\$50,000) and Vena reporting and FP&A software (\$150,000).

⁸⁶ 2023 RRA Decision, p. 29.

⁸⁷ Exhibit B-1, Appendix E, pp. 1-2; Exhibit B-3-1, Attachment "Schedules_EvidentiaryUpdate_Errata – Copy", Tab "Sch 4 Plant in Service"; 2023 RRA Final Compliance Filing, Tab "Sch 4 Plant in Service". Manhole rebuild capital costs were reduced from \$2,498,171 to \$2,099,517 and enterprise process automation and reporting solutions were reduced from \$246,305 to \$0. The other incremental reductions are not significant.

Offsetting the reduction in the 2023 closing rate base are increases from higher capital costs associated with the existing steam production plant and office improvements.⁸⁸ A notable item in this latter category is the renovation to expand the office space to accommodate more staff in the amount of \$125,202, which Creative Energy initially added to the 2023 rate base closing balance. However, during the proceeding Creative Energy stated that it incorrectly included the full amount of \$125,202 and proposes to adjust this amount to include only 65 percent of \$125,202 (i.e. \$81,381). This 65 percent adjustment is consistent with the method used for allocating IT costs related to the Core TES, which is based on the proportion of staff supporting the system.⁸⁹ Creative Energy confirms that it has not updated the regulatory schedules to reflect this adjustment.⁹⁰

Positions of the Parties

BCOAPO makes a similar submission regarding Creative Energy's IT capital costs that it made for the IT operating costs, namely that Creative Energy provided very little information to justify proposed IT expenditures forming part of its 2024 RRA. BCOAPO observes that although Creative Energy stated it planned to provide details on capital additions in evidentiary updates for the 2024 RRA, it has not provided any related to the proposed IT capital additions, beyond the one-line descriptions in the Application.⁹¹

In reply, Creative Energy asserts that it has provided comprehensive details and justifications for each of the IT cost items and refers to the additional information it supplied in response to IRs. For example, Creative Energy noted in response to an IR from BCOAPO that "[p]rojects undergo extensive analysis and undergo three internal approvals, including sign-off by senior leadership to ensure that an IT project is fundamentally justified at all levels." Further, Creative Energy emphasizes that cybersecurity-related projects cannot be undertaken without the necessary upgrades to its IT infrastructure and that these IT projects were essential to enable the cybersecurity initiatives mandated by the BCUC.⁹²

Panel Determination

Subject to the directives and determinations related to the existing steam production plant and the Remote Metering Project, outlined in the sections below, the Panel accepts the 2024 forecast capital additions as presented by Creative Energy. Additionally, the Panel accepts the adjustments to the 2023 forecast capital additions, provided the correction to the 2023 renovation work is made as proposed. This correction pertains to the adjustment for the renovations, where only 65 percent of the originally proposed amount should be reflected in the rate base, aligning with the allocation for IT costs related to the Core TES. **The Panel directs that this adjustment be made to the 2023 closing rate base and included in Creative Energy's final compliance filing.**

The Panel considers Creative Energy's proposed IT capital costs to be reasonable for recovery. For the same reasons we set out in our finding regarding the IT operating costs, we are not persuaded by BCOAPO's submission that Creative Energy has provided insufficient justification for these IT capital costs.

3.5.1 Steam Production Plant

Creative Energy forecasts 2024 capital additions of \$360,000 for its existing steam production plant. In addition, it projects 2023 capital additions of \$536,854, which are significantly higher than the 2023 BCUC-approved

⁸⁸ Exhibit B-3-1, Attachment "Schedules_EvidentiaryUpdate_Errata – Copy", Tab "Sch 4 Plant in Service"; 2023 RRA Final Compliance Filing, Tab "Sch 4 Plant in Service". Steam production plant capital work increased from \$85,000 to \$462,806 and office improvements increased from \$0 to \$137,801. The other incremental increases are not significant.

⁸⁹ Exhibit B-9, BCUC IR 28.1.

⁹⁰ Exhibit B-3-1, Attachment "Schedules_EvidentiaryUpdate_Errata – Copy", Tab "Sch 4 Plant in Service"

⁹¹ BCOAPO Final Argument, p. 10.

⁹² Creative Energy Reply Argument, p. 16.

amount of \$85,000.⁹³ Creative Energy states that these capital costs include boiler refractory restoration, feedwater pump rebuild, and deaerator structural restoration.⁹⁴ It explains that these additions are required to undertake major remediation work for deteriorating assets⁹⁵ with the primary goals of ensuring safety, mitigating risk and extending the assets' useful life.⁹⁶ Specifically, capital work undertaken in 2023 and 2024 aims to extend the life of these deteriorating assets in the existing steam production plant by 10 years.⁹⁷

Creative Energy states that these specific capital costs are non-recurring⁹⁸ although it expects to continue to incur capital costs to ensure safe and reliable operation.⁹⁹ It confirms these costs fall outside of the scope of the regular maintenance budget required to sustain normal operations at the existing steam production plant and without these capital expenditures, the plant would not be able to meet customer demand.¹⁰⁰

In 2022, the BCUC approved Creative Energy's amended Application for a Certificate of Public Convenience and Necessity (CPCN) to construct and operate a new steam production plant (Redevelopment Project).¹⁰¹ During the 2022 RRA Proceeding, Creative Energy stated that it did not expect to incur any capital additions for the existing steam production plant, because it was expected to be replaced¹⁰² by a new facility under the Redevelopment Project, scheduled to come into service by January 2024.¹⁰³

During this proceeding, Creative Energy provided a status update on the new facility¹⁰⁴ noting that due to circumstances beyond its control, construction has been delayed.¹⁰⁵ Creative Energy acknowledges the uncertainty related to the in-service date of the new facility and states that it will provide updated timelines under a separate regulatory process.¹⁰⁶ Because of the uncertainty surrounding when the new facility in the Redevelopment Project will enter service, Creative Energy states that it is unable to estimate the total forecast costs necessary for the safe and reliable operation of the existing steam production plant.¹⁰⁷

Positions of the Parties

Intervenors did not comment on this matter.

Panel Determination

The Panel notes that the cost increases to extend the life of the existing steam production plant are significant, although we are persuaded that the costs to be added in 2024 appear reasonable. We accept that further capital costs are likely because of the delays in the construction of the new facility under the Redevelopment Project. The substantial increase in projected 2023 capital additions, combined with new capital additions forecast for 2024 and Creative Energy's acknowledgment that these costs will continue, lead us to conclude this is an

⁹³ The steam production plant, also known as the Beatty Plant or Core Steam Plant is a central steam generation plant. Exhibit B-1, Appendix E, p.1; 2023 RRA Proceeding Exhibit B-12, Attachment "Evidentiary update – 2023 Core and NEFC TES RRA schedules"; Tab: "Sch 4 Plant in Service".

⁹⁴ Exhibit B-1, Appendix E, Table E-2, p. 1; Exhibit B-5, BCUC IR 11.2.

⁹⁵ Exhibit B-5, BCUC IR 11.2.1.

⁹⁶ Exhibit B-5, BCUC IR 11.1.

⁹⁷ Exhibit B-5, BCUC IR 11.1; Exhibit B-9, BCUC IR 26.3.

⁹⁸ Exhibit B-9, BCUC IR 26.4.

⁹⁹ Exhibit B-9, BCUC IR 26.4.1.

¹⁰⁰ Exhibit B-5, BCUC IR 11.2.1.

¹⁰¹ Decision and Order C-1-20, dated March 5, 2020; Decision and Order G-360-22, dated December 13, 2022.

¹⁰² 2022 RRA Proceeding, Exhibit B-11, BCUC IR 45.3.

¹⁰³ Creative Energy Expo-Beatty Plants Redevelopment Project Order C-1-20 Compliance Filing Decision accompanying Order G-360-22, p.4.

¹⁰⁴ Exhibit B-5, BCUC IR series 11.3.

¹⁰⁵ Exhibit B-9, BCUC IR 26.4.1.

¹⁰⁶ Exhibit B-5, BCUC IR 11.3.2

¹⁰⁷ Exhibit B-9, BCUC IR 26.4.1

important item to monitor. **Therefore, we direct Creative Energy to provide an update in its next RRA on the timing and forecast costs associated with extending the life of the steam production plant due to the Redevelopment Project delay.**

3.5.2 Remote Metering Project

Creative Energy is seeking approval of the total costs for the Remote Metering Project, which include \$1,518,370¹⁰⁸ of capital additions to enter into the 2024 rate base along with forecast 2025 and 2026 costs of \$500,000 each year.¹⁰⁹ This section provides an overview of the project, including its history, benefits, and alignment with provincial energy objectives. It also reviews the information Creative Energy has filed to date with respect to project alternatives, project costs, rate impacts and customer consultation efforts, along with regulatory consideration and overall project justification.

Project Description

Creative Energy relies on manual meters to track steam usage data for the customers connected to the steam network (Core Steam System).¹¹⁰ It notes that while manual metering is adequate for monthly billing, this approach constrains its ability to meet customer expectations and is not a good practice for large utilities. Creative Energy proposes to install remote metering infrastructure that will have the same hourly demand data as has BC Hydro and as will FEI upon completion of the latter's advanced metering infrastructure (AMI) project.¹¹¹

The Remote Metering Project involves installing cabinets at customer sites to relay data from meters to Creative Energy's database via cellular networks.¹¹² The cabinets transmit data wirelessly to Creative Energy's Inmation software, where it is stored and displayed on dashboards that show total steam consumption, consumption rates, and any alarms indicating service issues. The controls hardware installed for the project can also be used for future energy transfer stations if the Core Steam System is converted to a hot water distribution system.¹¹³ The equipment used for the project has an expected useful life of 25 years.¹¹⁴

By the end of the 2024, the project will serve approximately 100 customers. By the end of 2026, Creative Energy expects the project to connect all 202 customers of its Core Steam System.¹¹⁵

History of the Project

Creative Energy commenced the Remote Metering Project in 2017.¹¹⁶ In Creative Energy's 2018-2022 RRA Proceeding¹¹⁷ for the Core Steam System, it allocated a portion of its capital budget over the 2018-2022 period to a five-year remote metering installation program with annual forecast capital costs of \$100,000 and a total capital cost of \$500,000. However, Creative Energy did not seek explicit BCUC approval for this work.¹¹⁸ By Order G-205-18, the BCUC denied Creative Energy's application for approval of a multi-year based ratemaking mechanism to set steam rates for the years 2018 through 2022.¹¹⁹

¹⁰⁸ Exhibit B-1, Section 5.4, Table 31, p. 35.

¹⁰⁹ Exhibit B-1, Section 3.4.1, Table 5, p. 12; Exhibit B-5, BCUC IR 15.6; Exhibit B-6, RCIA IR 12.4, Exhibit B-9, BCUC IR 29.8.

¹¹⁰ Exhibit B-1, Section 3.2, pp. 9–10.

¹¹¹ Exhibit B-1, Section 3.2, p. 10.

¹¹² Exhibit B-1, Section 3.1, p. 9.

¹¹³ Exhibit B-1, Section 3.3, p. 11.

¹¹⁴ Exhibit B-6, RCIA IR 5.2.

¹¹⁵ Exhibit B-1, Section 3.3, p. 11.

¹¹⁶ 2023 RRA Proceeding, Attachment, Exhibit B-8, Attachment "BCUC Attachment IR 33 – Remote Metering Project Summary", p.1.

¹¹⁷ Creative Energy Vancouver Platforms Inc. 2018-2022 Revenue Requirements Application (2018-2022 RRA Proceeding)

¹¹⁸ 2018-2022 RRA Proceeding, Exhibit B-7, BCUC IR 17.4; Order G-205-18 dated October 25, 2018, p. 6.

¹¹⁹ Decision and accompanying Order G-205-18 dated October 25, 2018, p.51.

As part of its 2019-2020 RRA Proceeding¹²⁰ for the Core Steam System, Creative Energy updated the total cost of the Remote Metering Project to \$754,531, which included \$650,000 for physical components and \$104,531 for installation and management.¹²¹ Creative Energy stated that while the scope of the project remained unchanged, costs had increased due to additional requirements for third party installations.¹²² Creative Energy projected annual cost savings of \$68,065¹²³ once the project was completed.¹²⁴ In the 2019-2020 RRA Decision, the BCUC noted that Creative Energy had not sought any approvals for the Remote Metering Project and stated that it would review the need for the project when Creative Energy filed a Section 44.2 UCA capital expenditure schedule or sought to include the project costs in rates.¹²⁵

In the 2023 RRA Proceeding, Creative Energy stated it placed the project on hold in 2020 due to the COVID-19 pandemic and added that it hired a systems engineer in 2022 to assess the technology's viability, improve the original design, and expand the project to more customers.¹²⁶ Creative Energy provided additional information on the project, including a status update, a description, a breakdown by year of actual and forecast costs, and qualitative benefits.¹²⁷ It updated the capital cost estimate from approximately \$750,000 from the 2019-2020 RRA Proceeding to \$2.229 million in the 2023 RRA Proceeding; however, there were no changes to the project scope or schedule.¹²⁸ Creative Energy explained the original estimate of \$750,000 was prepared by previous management and was not certain of the assumptions used to prepare the original estimate and nor did it believe the costs were reasonable or accurate based on the requirements.¹²⁹ Creative Energy added that all capital costs incurred for the project from 2017 through 2023 would be entered into 2024 rate base as part of the 2024 RRA.¹³⁰

In the 2023 RRA Proceeding, Creative Energy explained that the project aims to help customers better manage their consumption and create their own savings rather than generate financial savings for Creative Energy. While it had previously estimated annual savings of approximately \$60,000, Creative Energy clarified that those savings would not be realized as the project would instead allow its service and accounting teams to focus on other priorities.¹³¹

During the 2023 RRA Proceeding, Creative Energy acknowledged that it had not sought BCUC approval for the Remote Metering Project in prior proceedings and requested guidance from the BCUC on whether the details provided in the 2023 RRA would be considered for approval of the project. It also asked that any concerns regarding cost recoverability to be communicated as part of the 2023 RRA Proceeding.¹³² Creative Energy noted it had made significant progress, with remote meters expected to be in service for 57 of its largest customers, representing 50 percent of its annual steam load by the end of 2023.¹³³ For the remote meters expected to be

¹²⁰ Creative Energy Vancouver Platforms Inc. 2019-2020 Revenue Requirements Application for the Core Steam System and Northeast False Creek Service Areas (2019-2020 RRA Proceeding)

¹²¹ 2019-2020 RRA Proceeding, Exhibit B-9, BCUC IR 52.3.

¹²² 2019-2020 RRA Proceeding, Exhibit B-9, BCUC IRs 52.3.1 and 52.3.2.

¹²³ 2019-2020 RRA Proceeding, Exhibit B-4, BCUC IR 18.9.

¹²⁴ 2019-2020 RRA Proceeding, Exhibit B-9, BCUC IR 52.5.

¹²⁵ 2019-2020 RRA Proceeding, Decision and Order G-227-20 (2019-2020 RRA Decision), p. 16; Order G-227-20, dated September 2, 2020, p. 16.

¹²⁶ 2023 RRA Proceeding, Exhibit B-8, BCUC IR 33.1.

¹²⁷ 2023 RRA Proceeding, Exhibit B-7, BCUC IR 33.1, Attachment 33 – Remote Metering Project Summary.

¹²⁸ 2023 RRA Proceeding, Exhibit B-7, BCUC IR 33.2.1

¹²⁹ 2023 RRA Proceeding, Exhibit B-8, BCUC IR 33.2.1.

¹³⁰ 2023 RRA Proceeding, Creative Energy Reply Argument, p. 3.

¹³¹ 2023 RRA Proceeding, Exhibit B-8, BCUC IR 33.11.

¹³² 2023 RRA Proceeding, Exhibit B-7, BCUC IR 33.10.

¹³³ 2023 RRA Proceeding, Exhibit B-8, Attachment IR 33 – Remote Metering Project Summary.

into service by the end of 2023, Creative Energy stated it would apply for approval of capital additions in the 2024 RRA Proceeding.¹³⁴

The BCUC asked Creative Energy whether it considered filing a Section 44.2 capital expenditure schedule¹³⁵ and requested the following information consistent with the BCUC's CPCN Guidelines:¹³⁶

- Studies or summary statements identifying and supporting the need for the project;
- Confirmation of the technical, economic, and financial feasibility of the project, including an AACE (Association for the Advancement of Cost Engineering) Class III cost estimate;
- Feasible alternatives considered; and
- Calculation of the revenue requirements of the project and feasible alternatives, and the resulting impacts on customer rates.

Creative Energy responded that none of the information was available at the time.¹³⁷

In the 2023 RRA Decision, the BCUC made no determinations on the need for the project because costs would not be included in rates over the 2023 test period. However, the BCUC expressed concern with the lack of cost information and encouraged Creative Energy to apply for a CPCN or acceptance of a Section 44.2 expenditure schedule or at the very minimum, provide the information requested by the BCUC as part of its next RRA or in a separate application.¹³⁸

The following subsections address the evidence Creative Energy provided for the Remote Metering Project in this proceeding.

Project Benefits

Creative Energy contends that the Remote Metering Project is essential for modernizing the Core TES and ensuring its long-term resilience. It adds that this project aligns Creative Energy with other utilities like BC Hydro and FEI, which are also investing in advancing metering infrastructure.¹³⁹ Creative Energy explains that the current metering is limited by analog infrastructure, which restricts its ability to meet customer expectations and advance key initiatives.

Creative Energy states the project will provide the following qualitative benefits:¹⁴⁰

- Improve Utility Service Reliability: the service team will be able to view metering data in real time, better anticipating service needs.
- Address Customer Requests: provides more granular consumption data in customer bills, helping to resolve disputes quickly and equitably.
- Enhance Customer Understanding: allows customers to better understand their consumption profile, enabling informed decisions on building system operations to reduce thermal energy use.
- Identify and Develop Demand Side Measures (DSM): offers detailed information on steam consumption, allowing customers to identify effective energy conservation opportunities. Also aligns with the BCUC's directive for Creative Energy to develop future demand-side management plans, as outlined in the 2021 LTRP Order and Decision.
- Support Alternative Rate Designs: facilitates the development of alternative rate designs for the Core TES, improving cost recovery, fairness, and overall efficiency.

¹³⁴ 2023 RRA Proceeding, Exhibit B-13, BCUC IR 17.7.2.

¹³⁵ 2023 RRA Proceeding, Exhibit B-13, BCUC IR 17.4.

¹³⁶ 2023 RRA Proceeding, Exhibit B-13, BCUC IR 17.3.

¹³⁷ 2023 RRA Proceeding, Exhibit B-13, BCUC IR 17.3.

¹³⁸ 2023 RRA Decision, p. 40.

¹³⁹ Exhibit B-1, Section 3.1, p. 9.

¹⁴⁰ Exhibit B-1, Section 3.2, p. 10, pdf 15; Exhibit B-9, BCUC IR 29.2.

- Detect Instrument Failures: enables real-time detection of instrument failures, providing the Distribution team with a valuable maintenance tool to improve service.
- Future Automated Billing and Dashboards: provides the necessary data for future automated billing and customer dashboards.
- Identify Unusual Consumption Patterns: helps detect unusual patterns of steam consumption, indicating potential issues with building systems that need to be addressed.
- Collect Hourly Data: enables collection of hourly peak demand and consumption data, allowing for future alternative rate designs not possible with the current aggregate monthly consumption data.
- Improve Load Forecasting: allows Creative Energy to study load patterns more efficiently and effectively, improving load forecasting.¹⁴¹

Creative Energy notes that the project is not intended to provide direct cost savings that can be evaluated through a net present value or cost-benefit analyses¹⁴² and concedes that the benefits are not readily quantifiable.¹⁴³ It emphasizes that the project aims to provide detailed information on customer energy use. This data will be used to verify the accuracy of bills, address potential customer complaints and queries related to their steam consumption, and identify potential energy savings. Creative Energy adds that these improvements will be measurable and quantifiable compared to the manual meter system but will not reduce its operating costs.¹⁴⁴ Creative Energy also notes that completion of the project would result in reduced albeit unquantified labour costs.¹⁴⁵

Provincial Energy Objectives

Creative Energy identifies six of British Columbia's energy objectives as set out in the *Clean Energy Act* that the Remote Metering Project supports. These objectives are summarized in the table below:

Table 4: British Columbia's Energy Objectives¹⁴⁶

(b) to take demand-side measures and to conserve energy [...];	Data from the Remote Metering Project will help customers identify effective demand-side measures and energy conservation opportunities.
(d) to use and foster the development in British Columbia of innovative technologies that support energy conservation and efficiency and the use of clean or renewable resources;	The technology implemented for the Remote Metering Project is innovative and supports energy conservation and efficiency.
(g) to reduce BC greenhouse gas emissions [...];	The data from the Project will help reduce BC greenhouse gas emissions through opportunities for customers to reduce their steam consumption.
(h) to encourage the switching from one kind of energy source or use to another that decreases greenhouse gas emissions in British Columbia;	The data from the Remote Metering Project will help customers identify opportunities to reduce their steam consumption and so reduce BC greenhouse gas emissions. The data will also allow Creative Energy to manage their resources and facilities more effectively, including the electric boilers installed in the decarbonization project as well as future supply side measures, to reduce BC greenhouse gas emissions.

¹⁴¹ Exhibit B-9, BCUC IR 22.2.

¹⁴² Exhibit B-7, BCOAPO IR 5.2.

¹⁴³ Exhibit B-6, RCIA IR 2.1; Exhibit B-7, BCOAPO IR 5.1.

¹⁴⁴ Exhibit B-5, BCUC IR 15.3.

¹⁴⁵ Exhibit B-5, BCUC IR 15.4.

¹⁴⁶ Creative Energy Final Arguments, pp.9–10.

(i) to encourage communities to reduce greenhouse gas emissions and use energy efficiently;	The data from the Remote Metering Project will encourage our customers in the community to use energy more efficiently and so reduce their greenhouse gas emissions.
(m) to maximize the value, including the incremental value of the resources being clean or renewable resources, of British Columbia's generation and transmission assets for the benefit of British Columbia;	The data from the Remote Metering Project will allow Creative Energy to manage their resources and facilities more effectively, including the electric boilers installed in the decarbonization project which are utilizing British Columbia's generation and transmission assets.

Project Alternatives

Creative Energy states there are no feasible alternatives to obtaining the information that the Remote Metering Project will provide.¹⁴⁷

During the proceeding, Creative Energy was asked to provide, at a level of detail consistent with a CPCN application or a Section 44.2 capital expenditure schedule, a comparison of the costs, benefits, and associated risks, as well as a schedule calculating the revenue requirements, and the resulting impacts on customer rates for the Remote Metering Project, the status quo, and any feasible alternatives. Creative Energy responded that the quantity of information requested was significant for information requests and was not proportional to the capital expenditure and it did not believe that a CPCN application was warranted.¹⁴⁸ Accordingly, Creative Energy declined to provide the information sought.

Project Costs and Rate Impact

A summary of the Remote Metering Project costs and customer installations over the period from 2017 to 2026 is provided in Table 5 below, as prepared by the BCUC based on evidence provided by Creative Energy. The summary outlines the annual capital expenditures, the number of installed and in-service remote meters, as well as the percentage of steam load that has been cumulatively metered. The data reflects adjustments made by Creative Energy during the proceeding.

Table 5: Remote Metering Project Costs and Number of Customers in Service¹⁴⁹

Year	Capital Expenditures (\$)	Description	Number of Installed Remote Meters (units)	Number of in-service Remote Meters (units)	Percentage of Steam Load Metered and (Cumulative)
2017-2020	\$ 321,201	Procurement of 30 cabinets and installation of 15 cabinets	15	0	0
2021 Actual	\$0	-			
2022 Actual	\$58,754	Procurement of 26 new cabinets and retrofits for the 30 previously purchased cabinets.			

¹⁴⁷ Exhibit B-5, BCUC IR 15.1.

¹⁴⁸ Exhibit B-9, BCUC IR 29.1.

¹⁴⁹ Table prepared by BCUC based on data from Exhibit B-1, Section 3.4.1, Table 5, p. 12; and Exhibit B-9, BCUC IR 29.8.

2023 Actual¹⁵⁰	\$634,261	Procurement and installation of 26 new cabinets and retrofit parts for 15 cabinets that were installed during 2017-2020.	41	56	50(50)
2024 Forecast	\$500,000	Hardware, installation, and commissioning	50	50	35 (85)
Forecast total to end of 2024¹⁵¹	\$1,514,216		106	106	85
2025 Forecast	\$500,000	Hardware, installation, and commissioning	50	50	11 (96)
2026 Forecast	\$500,000	Hardware, installation, and commissioning	46	46	4 (100)
Updated Total Project Cost	\$2,514,216¹⁵²		202	202	100

During the proceeding, Creative Energy was requested to provide the technical, economic, and financial feasibility of the project, including an AACE Class III cost estimate. Creative Energy states that the cost estimates provided are at least an AACE Class III level and filed updated costs for the Remote Metering Project in the Application.¹⁵³ Creative Energy also adds that it does not have a breakdown of costs from 2017-2020 and that it would take a significant effort to parse and retrieve this data.¹⁵⁴ Accordingly, it declined to provide the requested information.

Notwithstanding, Creative Energy calculates the current average capital cost per customer to be \$13,239 for the project. It adds that since no further engineering costs are expected, this average cost is expected to decrease to approximately \$10,000 per customer. This revised average cost forms the basis for the 2024-2026 forecast of \$500,000 per year.¹⁵⁵

Additionally, Creative Energy states that the proposed addition of \$1,518,370 results in a rate impact of \$0.06/M# (or 0.6 percent rate increase)¹⁵⁶ in the 2024 test period, accounting only for the cost of capital (i.e.

¹⁵⁰ Exhibit B-1, Section 3.4.1, Table 5, p. 12; Exhibit B-9, BCUC IR 29.8. Creative Energy adjusted 2023 costs in BCUC IR 29.8. However, did not update the description of the work, number of customers with installed remote meters, or the associated percentage of steam load served.

¹⁵¹ Cost to end of 2024 calculated by the BCUC. This figure does not agree to the total addition Creative Energy proposes to add to rate base in 2024 of \$1,518,370, the difference is not material and was not pursued further.

¹⁵² Total cost estimate calculated by the BCUC and may be subject to minor discrepancies that are considered immaterial.

¹⁵³ Exhibit B-1, Section 3.4, Table 5, p. 12.

¹⁵⁴ Exhibit B-5, BCUC IRs 15.1, 15.5 and 15.6.

¹⁵⁵ Exhibit B-1, Section 3.4, p. 12; Exhibit B-5, BCUC IR 15.9.

¹⁵⁶ Exhibit B-5, BCUC IR 15.2; Exhibit B-9, BCUC IR 29.9; Exhibit B-10, BCOAPO IR 11.1. Creative Energy notes that as 2024 is the first year the project is in rate base there is no depreciation. The 2024 rate impact is calculated as follows: [(weighted average of balance in rate base) * (cost of capital)] / (load forecast) = [(\$0 + \$1,518,370 / 2) * 9.10%] = \$69,086 / 1,070,731 M# = \$0.06 /M# (Exhibit B-5, BCUC IR 15.2).

return on equity and cost of debt) which equates to an approximate increase of \$65,000.¹⁵⁷ Once Creative Energy commences depreciating the assets on January 1, 2025, the rate impact of the 2024 additions is \$0.17/M# (or a 1.3 percent rate increase).¹⁵⁸ Once the project is completed, the overall rate impact is expected to be approximately \$0.25/M# (or a 2.2 percent rate increase).¹⁵⁹

Consultation

While Creative Energy acknowledges that it has not consulted directly with Core TES customers regarding the Remote Metering Project, it notes that customers have expressed a requirement for better access to their consumption data, which is not possible without the project.¹⁶⁰ However, Creative Energy states it does not have information on which customers specifically require this detailed information¹⁶¹ nor did it ask its customers how much they would be willing to pay for this information.¹⁶²

Creative Energy notes that completing the project would allow it to address frequent customer requests for detailed steam consumption information while reducing labour costs. The data would also enable customers to identify potential opportunities to reduce energy usage and evaluate the effectiveness of any measures they implement.¹⁶³ Creative Energy views the project as a necessity and does not believe that customer demand and willingness to pay are the only reasons to justify the execution of this project.¹⁶⁴

Regulatory Considerations and Project Justification

Creative Energy acknowledges that while it did not request BCUC acceptance of a Section 44.2 capital expenditure schedule, it considers the evidence filed for the project in this proceeding to be equivalent to the filing of a Section 44.2 capital expenditure schedule.¹⁶⁵ Additionally, Creative Energy explains that a separate CPCN application for the project is unnecessary, as the rate impact of 2.2 percent for the project is significantly lower than the threshold set out in the TES Regulatory Framework Guidelines.¹⁶⁶

Although Creative Energy acknowledges that its justification for the Remote Metering Project is primarily qualitative, it believes sufficient evidence and rationale have been provided to support its approval.¹⁶⁷ It contends that the benefits of the Remote Metering Project outweigh the incremental cost to customers and emphasizes that the absence of quantitative benefits does not imply that current and future customers will not experience benefits.¹⁶⁸

Furthermore, Creative Energy states that the project aligns with provincial energy objectives, similar to those met by FEI for its AMI project, which was approved by the BCUC. While Creative Energy acknowledges that the average capital cost per customer of \$10,000 for the Remote Metering Project is higher than the average capital cost of \$682 under FEI's AMI project, Creative Energy highlights that typical customers, including buildings,

¹⁵⁷ Exhibit B-5, BCUC IR 15.1. Approximate rate increase is calculated by the BCUC as follows: $\$0.06/\text{M}\# \times 1,077,614 \text{ M}\# = \$64,657$; approximately \$65,000.

¹⁵⁸ Exhibit B-5, BCUC IR 15.1. The long-term rate impact is calculated as follows: $[(\text{impact on rate base}) \times (\text{cost of capital}) + (\text{annual depreciation})] / (\text{load forecast}) = [(\$1,518,370 \times 9.10\%) + (\$1,518,370/33 \text{ years}) = \$183,723 / 1,070,731 \text{ M}\# = \$0.17/\text{M}\#$. Note that BCUC staff back-calculated the "33 years" for depreciation. The 1.3% rate increase is staff-calculated as follows: $\text{rate impact of 2024 project additions} / \text{proposed 2024 rate} = (\$0.17/\text{M}\#) / (\$12.62/\text{M}\#) = 1.3\%$.

¹⁵⁹ Exhibit B-9, BCUC IRs 29.1 and 29.3.

¹⁶⁰ Exhibit B-5, BCUC IR 15.4; Exhibit B-9, BCUC IR 29.3.

¹⁶¹ Exhibit B-12, RCIA IR 17.3.

¹⁶² Exhibit B-12, RCIA IR 15.2; Exhibit B-12, RCIA IR 17.4.

¹⁶³ Exhibit B-5, BCUC IR 15.4.

¹⁶⁴ Exhibit B-11, RCIA IR 17.4.1.

¹⁶⁵ Exhibit B-9, BCUC IR 29.1.

¹⁶⁶ Exhibit B-9, BCUC IR 29.6.

¹⁶⁷ Exhibit B-9, BCUC IR 29.7.

¹⁶⁸ Creative Energy Final Argument, p. 11.

hotels and offices, would experience an approximate 7 percent bill increase.¹⁶⁹ According to Creative Energy, this comparison suggests that its project is as cost effective as the BCUC-approved FEI AMI project.

Additionally, Creative Energy references the quantitative benefits filed by Pacific Northern Gas N.E. Ltd.'s [PNG(NE)] in its CPCN application to implement the Automated Meter Reading (AMR) infrastructure, suggesting that the Remote Metering Project will yield similar benefits.¹⁷⁰

Creative Energy maintains its intention to proceed with the Remote Metering Project, subject to any further direction from the BCUC.¹⁷¹

Positions of the Parties

All interveners oppose the project and recommend that the BCUC deny Creative Energy's request for approval to add the Remote Metering Project costs to rate base, until further information is provided. For example, BCOAPO submits that the onus has not been met by Creative Energy to demonstrate that this project is in the interest of customers at this time.¹⁷² RCIA submits that Creative Energy should be directed to remove any costs related to the Remote Metering Project until such time as reasonable and appropriate justification is presented demonstrating the need, options considered, and costs versus benefits. Moreover, RCIA recommends Creative Energy be directed to undertake customer consultations regarding the costs of the finalized project with customers, including the expected benefits and associated rate impacts. Regardless, given the clear lack of justification and prudence related to the initial investments from 2017-2020, RCIA submits any costs associated with those installations should be to the shareholders' account. Similarly, in the absence of adequate justification, costs associated with the retrofit of the 2017-2020 cabinets should not be borne by customers.¹⁷³

The CEC acknowledges that Creative Energy provides qualitative justification for the project; however, it recommends denying the request to add approximately \$1.5 million in project costs to 2024 rate base because of the lack of quantitative analysis of project benefits in the Application.¹⁷⁴

Panel Determination

The Panel denies Creative Energy's request to add \$1,518,370 in costs for the Remote Metering Project to the 2024 rate base, thereby disallowing recovery of any revenue requirement impacts of this rate base addition in 2024. This includes approximately \$65,000¹⁷⁵ in Creative Energy's cost of capital for 2024, subject to any adjustments arising from the BCUC's decision on the GCOC Stage 2 proceeding.

To recover costs from customers, an applicant, in this case Creative Energy, has the onus of establishing to the BCUC's satisfaction that such costs were prudently incurred. The type of information necessary to justify expenditures made on a project, is outlined in section 45 and 46 of the UCA, which deal with CPCN applications, and in section 44.2, which deals with expenditure schedules. The BCUC's CPCN Guidelines provide more detailed guidance to applicants for CPCNs regarding the information to be included in applications, such as detailed financial analyses and consideration of alternatives. Similarly, utilities often follow these guidelines when submitting Section 44.2 expenditure schedules to the BCUC for acceptance.

The Panel disagrees with Creative Energy that the evidence it has supplied meets the requirements of a Section 44.2 capital expenditure schedule. To the contrary, the evidence shows that Creative Energy has repeatedly

¹⁶⁹ Creative Energy Final Argument, p. 10.

¹⁷⁰ Creative Energy Final Argument, p. 11.

¹⁷¹ Creative Energy Final Argument, p. 11.

¹⁷² BCOAPO Final Argument, p. 11.

¹⁷³ RCIA Final Argument, p. 12.

¹⁷⁴ CEC Final Argument, p. 9.

¹⁷⁵ Calculated as: $\$0.06/\text{M}\# \times 1,077,614 = \$65,000$ (Exhibit B-5, BCUC IR 15.1; Exhibit B-13, Panel IR 1.2).

declined to furnish details relating to these expenditures despite the BCUC's requests for it to do so in two separate proceedings.

Creative Energy is not new to utility regulation; it is an experienced participant before the BCUC and has prepared numerous applications. We have no doubt that Creative Energy is aware of the level of information it must provide to support its request to recover costs of this project from customers. In particular, as we outline below, applicants are expected to provide a detailed breakdown of project costs, an assessment of feasible alternatives and evidence of the rate impact and of consultation with their customers before we can approve the recovery of costs from customers.

The total project cost estimate, to the level of an AACE Class 3 cost estimate, should include a breakdown by capital costs and O&M costs (operations, software, communications), equipment costs, installation costs, by physical components (i.e. meter and non-meter hardware), design, installation, project management, network and software, etc.

Creative Energy submits there are no feasible alternatives to the project. Therefore, it has not provided an assessment of feasible alternatives for remote metering technology. The Panel notes, however, that both FEI and PNG, to which Creative Energy refers, included alternatives assessments (such as AMI or AMR) in their applications to the BCUC for approval of remote metering costs. Creative Energy's alternatives assessment should include scope information and a cost estimate for each project alternative at a minimum AACE Class 4 degree of accuracy.

Creative Energy submits that the project is necessary to meet customer expectations, and to help customers better manage their steam consumption. However, it concedes that it has not consulted its customers specifically about the project, or, more importantly, the rate implications. We consider that this absence of adequate consultation has led Creative Energy to unilaterally determine that its customers will benefit from remote metering and should correspondingly bear its costs. This may or may not be a valid conclusion on Creative Energy's part, but it does not mean that Creative Energy can skip the consultation process altogether or simply infer customer acceptance.

Insisting that other utilities have similar technology, or that remote meters meet BC's energy objectives, or that the benefits are qualitative rather than quantitative, does not automatically mean that Creative Energy can or should recover the costs in rates. The BCUC is entitled – indeed obliged – to inquire into whether the costs are appropriate for recovery in rates.

Creative Energy argues that retrieving the data requested by the BCUC, to support an application to add costs to rate base, would take a significant effort and that the amount of information requested is disproportionate to the capital expenditure. However, it is not up to an applicant to unilaterally determine that the effort is too great. The applicant bears the onus of proof to demonstrate that the costs should be recoverable from ratepayers. Moreover, having initiated the project in 2017 and being cognizant of the BCUC's statement in the 2019-2020 RRA Decision that it would "consider need, prudence and project execution issues if Creative Energy files an expenditure schedule for acceptance or applies to have the project costs included in rates,"¹⁷⁶ Creative Energy has been aware for years that it should be compiling relevant information pertaining to the project for subsequent BCUC review.

Therefore, the Panel does not approve Creative Energy's request to add the Remote Metering Project costs to rate base and denies the recovery of these costs in the 2024 RRA. The Panel notes that the \$65,000 which must be deducted from recovery in 2024 rates, primarily relates to the cost of capital that will not be realized due to the denial of Creative Energy's request to add the Remote Metering Project costs to rate base in 2024. **That**

¹⁷⁶ 2019-2020 RRA Decision, Section 2.2, p. 16.

amount will be subject to further adjustments based on the final determinations of Creative Energy's cost of capital that result from the GCOC Stage 2 proceeding.

Creative Energy will have the opportunity, should it wish to do so, to provide adequate information to support any request and any re-application in subsequent RRAs to recover any remaining Remote Metering Project costs, such as depreciation and additional costs of capital on the balance of the undepreciated capital.

3.6 Deferral Account Requests

Creative Energy requests approval to establish a new rate base deferral account, the RDDA, to record a portion of the 2024 revenue requirement to mitigate the rate impact to customers. In addition, Creative Energy makes certain proposals for the Load Forecast Variance Account (LFVA) and the TPRCDA, discussed below.

3.6.1 Revenue Deficiency Deferral Account

Creative Energy requests approval to establish an RDDA for the Core TES, effective January 1, 2024. It proposes to record \$2,578,833 of the 2024 revenue requirement deficiency as a means to manage the non-recurring 2024 costs, which are necessary to maintain the resilience of the Core TES.¹⁷⁷

Creative Energy notes that it is making key strategic investments across several areas of the business that support the Core TES' long-term sustainability including Wages and Benefits, IT Services including cybersecurity and the Remote Metering Project, as previously discussed in Sections 3.1, 3.2, and 3.5.2, respectively.¹⁷⁸ It expects a more modest increase in resource requirements and costs in 2025 and beyond, which Creative Energy considers justifies the request.¹⁷⁹ Creative Energy adds that the 2024 investments will benefit both current and future Core TES customers.¹⁸⁰ Creative Energy proposes an amortization period of three to five years to spread the impact on rates to future customers, however, is open to considering alternative amortization periods and intends to provide a detailed recovery plan as part of the 2025 RRA Proceeding, should the RDDA be approved.¹⁸¹ Creative Energy proposes to have the RDDA attract interest at 7.85 percent over a one-year amortization period or 9.10 percent if the amortization period spans multiple years.¹⁸²

By recording \$2,578,833 from the 2024 revenue requirements in the RDDA, Creative Energy can keep rate increases stable for the foreseeable future¹⁸³ and mitigate the increase to the 2024 thermal energy service rates.¹⁸⁴ While Creative Energy seeks to mitigate the impact of larger rate increases on customers in 2024 through the use of an RDDA, it acknowledges the need to consider the overall rate impact, including the Fuel Cost Adjustment Charge (FCAC) and system contribution charge.¹⁸⁵ Creative Energy states that approval to record \$2,578,833 in the RDDA is expected to reduce the total customer bill impact by 6.2 percent as compared to 2023 approved rates.¹⁸⁶ Conversely, if the RDDA is not approved, and the \$2,578,833 is included in the 2024 revenue requirement, the total customer bill impact would result in a 1.4 percent increase as compared to 2023 approved rates, which Creative Energy considers insignificant when evaluating the overall rate.¹⁸⁷ Creative

¹⁷⁷ Exhibit B-1, p. 38; Exhibit B-3-1, p. 2; Exhibit B-5, BCUC IR 16.3.

¹⁷⁸ Exhibit B-1, p. 38, Exhibit B-5, BCUC IR 16.3.

¹⁷⁹ Exhibit B-7, BCOAPO IR 3.2.

¹⁸⁰ Exhibit B-1, p. 38.

¹⁸¹ Exhibit B-1, p. 38; Exhibit B-5, BCUC IR 16.2 and 17.2.

¹⁸² Exhibit B-5, BCUC IR 16.8.

¹⁸³ Exhibit B-3-1, p. 5.

¹⁸⁴ Exhibit B-5, BCUC IR 16.2.

¹⁸⁵ Exhibit B-5, BCUC IR 16.2.

¹⁸⁶ Exhibit B-5, BCUC IR 16.2.

¹⁸⁷ Exhibit B-5, BCUC IR 16.2; Exhibit B-9, BCUC IR 30.1.

Energy is not opposed to the BCUC not approving the RDDA and suggests that the overall rate increase should be the primary factor for consideration.¹⁸⁸

Positions of the Parties

BCOAPO supports Creative Energy's proposal to defer some level of current expenditures to support future customers through the RDDA.¹⁸⁹ It notes that in the absence of deferred expenditures through the RDDA proposal, the proposed 2024 rate increase would be 34 percent, which follows the 2023 rate increase of 14.5 percent. Further, it states that rates have increased 65 percent between 2019 and 2024.¹⁹⁰ It proposes alternative rate increases that result in different amounts being added to the RDDA, compared to what Creative Energy has proposed.¹⁹¹

In reply, Creative Energy rejects BCOAPO's proposals, stating it is too complex for the current stage of the proceeding and requires further analysis and consideration. Further, Creative Energy submits that retroactively smoothing rates between two distinct test years, as BCOAPO proposes, is inappropriate.¹⁹²

The CEC states that it "supports the exploration of various cost deferring scenarios". It recommends that the BCUC direct Creative Energy to establish the proposed RDDA as an ongoing revenue deficiency deferral account with specific expenditures or project cost account visibility for the deferrals, enabling distinct rationalizations for amortization mechanisms congruent with the realization of benefits over time.¹⁹³

Creative Energy states in reply that it generally agrees with the CEC's recommendation.¹⁹⁴

Panel Determination

The Panel denies Creative Energy's request to establish an RDDA. We accept Creative Energy's view that the primary factor in considering whether to direct an RDDA is the overall rate increase. Creative Energy acknowledges that it is not opposed to the BCUC not approving the RDDA because it expects the overall bill impact will be insignificant even without the RDDA. The Panel agrees with that assessment. Moreover, denying the requested RDDA means that customers will not have to bear the carrying costs associated with the establishment of such deferral account.

3.6.2 Load Forecast Variance Account

In the 2023 RRA Decision, the BCUC approved Creative Energy to establish a new LFVA, on an ongoing basis, to record the variance between forecast and actual load, effective January 1, 2023. In the same order, the BCUC also directed Creative Energy to include in each future RRA the proposed amortization period, with supporting rationale, for the previous year's load variance.¹⁹⁵

Creative Energy specifies that the LFVA balance as at December 31, 2023 is \$1,107,669. Assuming the RDDA is approved, Creative Energy intends to fully amortize this amount over 2024.¹⁹⁶ Creative Energy clarifies that this approach essentially transfers the LFVA balance to the RDDA,¹⁹⁷ which provides greater options for maintaining

¹⁸⁸ Exhibit B-9, BCUC IR 30.2.

¹⁸⁹ BCOAPO Final Argument, pp. 3 and 11.

¹⁹⁰ BCOAPO Final Argument, p. 2.

¹⁹¹ BCOAPO Final Argument, Tables A and B, pp. 3–6.

¹⁹² Creative Energy Reply Argument, p. 13.

¹⁹³ CEC Final Argument, p. 11.

¹⁹⁴ Creative Energy Reply Argument, p. 12.

¹⁹⁵ 2023 RRA Decision, p. 16.

¹⁹⁶ Exhibit B-3-1, p. 5.

¹⁹⁷ Exhibit B-5, BCUC IR 17.1.

intergenerational equity and regulatory efficiency through a single rate rider that would be paid by existing customers.¹⁹⁸ Creative Energy notes that in this scenario, the amortization period of the LFVA has no impact on the 2024 revenue requirement since an RDDA is also being requested.¹⁹⁹

Under a scenario where the RDDA is not established, Creative Energy states that it is open to considering various amortization periods, given the magnitude of the LFVA balance. Creative Energy prefers a two-year amortization period²⁰⁰ as it does not anticipate substantial changes to its customer base between 2024 and 2025 and accordingly intergenerational equity is not a concern.²⁰¹ This approach ensures that the increase to the thermal energy service rates from 2023 and 2024 is consistent and smooth. Additionally, a two-year amortization period provides Creative Energy the possibility of offsetting the balance with any variances in the opposite direction in 2024, thereby spreading the temporary increase over multiple years.²⁰²

Positions of the Parties

The CEC recommends that the BCUC direct Creative Energy to retain the LFVA and to amortize the 2023 RDDA balance into rates over five years after 2024, because of the large LFVA balance.²⁰³

In reply, Creative Energy states that it does not oppose the concept of RDDA amortization, and that it would prefer a two-year deferral period. Creative Energy acknowledges that the LFVA from 2023 has a significant impact on the 2024 RDDA.²⁰⁴

Panel Determination

The Panel approves the amortization of the December 31, 2023 balance in the LFVA over one year, in 2024.

The amortization will be reflected in the 2024 revenue requirements and rates, since the Panel has denied Creative Energy's request for an RDDA. We recognize that Creative Energy would prefer to amortize the LFVA over a two-year period commencing in 2024. However, we note that this would increase carrying costs for customers. Further, if Creative Energy overestimates the 2024 load forecast, as has been its recent experience, any 2024 additions to the LFVA would compound with any remaining 2023 balance, potentially creating a large balance to be amortized starting in 2025.

3.6.3 Third Party Regulatory Costs Deferral Account

Creative Energy captures the annual variance between forecast and actual third-party costs relating to regulatory filings and proceedings required under the UCA in a TPRCDA. In the 2021 RRA, the BCUC approved the continuation of this account on an ongoing basis, with the balance to be amortized over one year.²⁰⁵

In 2023, the BCUC approved Creative Energy to expand the scope of the TPRCDA to include third party consulting costs related to LTRP activities and to record any variance between the 2023 forecast LTRP costs and the actual LTRP costs in the TPRCDA, with the amortization period to be determined in a future LTRP proceeding.²⁰⁶ However, the BCUC specified that its approval was limited to recording the 2023 variance for

¹⁹⁸ Exhibit B-5, BCUC IR 17.2.

¹⁹⁹ Exhibit B-5, BCUC IR 17.4.

²⁰⁰ Exhibit B-9, BCUC IR 31.1.

²⁰¹ Exhibit B-9, BCUC IR 31.1.1.

²⁰² Exhibit B-9, BCUC IR 31.1.1.

²⁰³ CEC Final Argument, p. 2.

²⁰⁴ Creative Energy Reply, Section 3.2, pp. 11–12.

²⁰⁵ Order G-310-21A.

²⁰⁶ 2023 RRA Decision, p. 34.

third party consulting costs related to LTRP activities, and that Creative Energy must file a request for either 2024 LTRP costs or the deferral of 2024 LTRP cost variances in a separate application, if appropriate.²⁰⁷

Creative Energy forecasts 2024 third-party LTRP costs of \$714,236, which includes work to examine technical feasibility of distribution piping upgrades and a large scale deep geothermal resource.²⁰⁸ Table 6 below provides a breakdown of the forecast costs for each third party LTRP initiative as well as the 2024 forecast costs after accounting for prior year actuals and grants received.

Table 6: Forecast Third-Party LTRP Costs²⁰⁹

Description	Forecast Cost (\$)
Steam Solution Study (complete)	202,400
Core Energy Steam to Hot Water - Energy Screening (complete)	155,200
Building Conversion Strategy (complete)	343,600
DSM Opportunity Assessment (complete)	36,000
Hot Water Distribution Concept Design	530,000
Deep geothermal system feasibility study (Eavor)	255,755
Consultation with customers and Customer Analysis ²¹⁰	90,000
Demand Modelling	185,000
Scenario and Portfolio Modelling	150,000
Subtotal	1,947,955
Less: 2022 ²¹¹ and 2023 Actual	663,719
Less: Grants Received	570,000
2024 Forecast Cost	714,236

Creative Energy states that it did not include the 2024 third-party LTRP costs in the revenue requirement because there is already substantial pressure on rates, and it is requesting an RDDA. It states that it anticipates there will be costs in this area, which will flow directly into the TPRCDA to be recovered in future period.²¹² Given the inherently exploratory and uncertain nature of long-term planning, Creative Energy explains that these costs are not fully within the control of management.²¹³ Based on this, Creative Energy is seeking to include the 2024 third-party LTRP costs in its TPRCDA.²¹⁴

In its Final Argument, Creative Energy acknowledges that historically, internal management costs related to the LTRP have been recovered in customer rates rather than being deferred. However, Creative Energy anticipates that a new LTRP role will charge costs to the Core TES and will eventually manage other capital projects. As a result, Creative Energy proposes repurposing the \$145,569 saving from the delay of new hires to fund this new role, with estimated costs of approximately \$135,000 through June 2024. Additionally, Creative Energy plans to file an expenditure schedule for further management time related to the LTRP beyond June 2024.²¹⁵ This matter was addressed in Section 3.1.

²⁰⁷ 2023 RRA Decision, p. 34.

²⁰⁸ Exhibit B-9, BCUC IR 32.1.

²⁰⁹ Table compiled based on values taken from Exhibit B-9, BCUC IR 32.1.

²¹⁰ Consultation with customers (\$50,000) + Customer Analysis (\$40,000) = \$90,000.

²¹¹ 2022 Actual (\$50,927) + 2023 Actual (\$612,792) = \$663,719. The BCUC denied Creative Energy's request to include the 2022 actual costs of \$50,927 in the TPRCDA as this would constitute retroactive ratemaking (2023 RRA Decision, p. 34).

²¹² Exhibit B-5, BCUC IR 18.4.

²¹³ Exhibit B-9, BCUC IR 32.2.

²¹⁴ Exhibit B-9, BCUC IR 32.3.

²¹⁵ Creative Energy Final Argument, p. 17.

Positions of the Parties

BCOAPO supports the approval of the TPRCDA and recommends that any new resource costs incurred for managing the LTRP, as well as any increased internal time spent on the LTRP should be recorded to the TPRCDA.²¹⁶

The CEC recommends that the BCUC disallow Creative Energy's proposal to include \$126,000²¹⁷ in the TPRCDA for a DSM opportunity assessment, customer consultation and customer analysis, which the CEC considers are redundant with Creative Energy's own business development functions. In addition, the CEC recommends the BCUC disallow Creative Energy's proposal to include \$255,755 in the TPRCDA for costs are associated with the deep geothermal system feasibility study, which is work that the CEC considers can be deferred and replaced with a limited literature review.²¹⁸

In reply, Creative Energy disagrees with the CEC's statements, submitting that there is no redundancy between the proposed activities and the business development functions. It adds that while these activities may involve business development personnel, the activities are closely related to the LTRP for the Core TES and are managed by the team responsible for this plan. Regarding the deep geothermal study, Creative Energy notes that a significant portion of the cost is covered by a grant that may not be available in the future, making it prudent to proceed with the feasibility study now rather than deferring it.²¹⁹

Panel Determination

The Panel approves Creative Energy to record \$714,236 third-party consulting costs related to LTRP activities in the TPRCDA in 2024. We are satisfied that these costs are outside management's control and are necessary to support future regulatory submissions and proceedings. The CEC has not persuaded us that there is any evidence of redundancy with Creative Energy's business development functions, or that the geothermal study can be deferred, and therefore we reject the CEC's recommendation to disallow costs associated with these items.

Our approval means that these costs can be recorded in the TPRCDA for disposition at a later date. However, we make no finding as to the appropriateness of these expenditures. A future proceeding will review the costs to determine their reasonableness and the appropriate amortization period.

4.0 Process to Establish Permanent Rates

As detailed in Section 1.1, the BCUC approved the Original Interim Rate of \$12.58/M# for the Core TES customers and a system contribution charge of \$10.60/MWh of thermal energy for customers connected to the NEFC system, on an interim and refundable/recoverable basis, effective January 1, 2024.²²⁰

Additionally, Directive 4 of Order G-236-23 of the BCUC GCOC Stage 1 proceeding, which pertains to Creative Energy, stipulates that "[i]nterim rates are established, effective January 1, 2024, on a refundable or recoverable basis, for all other utilities, except FBC, that currently use the Benchmark Utility to set their capital structure and equity return pending the BCUC's final decision on Stage 2 of the GCOC proceeding."

In light of these approvals and directives, Creative Energy requests for the Original Interim Rate to remain in place until revised tariff pages, reflecting the BCUC's decision on this Application and the GCOC Stage 2

²¹⁶ BCOAPO Final Argument, p. 11.

²¹⁷ The total of \$126,000 is derived by summing "DSM Opportunity Assessment (complete)" (\$36,000) and "Consultation with customers and Customer Analysis" (\$90,000) as shown in Table 6.

²¹⁸ CEC Final Argument, p. 14.

²¹⁹ Creative Energy Reply, Section 3.2, p. 12.

²²⁰ Exhibit A-2, Order G-13-24.

proceedings, are filed.²²¹ Creative Energy proposes that this Panel direct it to file these revised tariff pages within 30 days of the Panel's final decision on this proceeding or the GCOC Panel's final decision on the GCOC Stage 2 proceeding, whichever is later. Creative Energy states that this approach will ensure that the impacts of both decisions are incorporated into permanent rates concurrently and any difference between the Original Interim Rate and the final permanent rate, following the disposition of both this proceeding and the GCOC Stage 2 proceeding, will be addressed through a one-time adjustment, either refunding to or recovering from Core TES customers accordingly.²²²

Positions of the Parties

BCOAPo submits that it is preferable to maintain the Original Interim Rate to avoid having more updates than necessary and that the determination for how to handle any differences between rates should be deferred until the magnitude of the refund or recovery is known. BCOAPo notes that a deferral account along with a rate rider to dispose of the amounts over time may be preferable to moderate bill impacts to customers, as opposed to the "one time rate adjustment" that Creative Energy proposes.²²³

The CEC supports Creative Energy's proposal to maintain the Original Interim Rate to avoid having more updates than necessary. Doing so means that only one update will be required, once the BCUC issues both decisions. The CEC also supports Creative Energy's proposal to apply a one-time adjustment to credit or charge its Core TES customers accordingly.²²⁴

RCIA agrees with Creative Energy's proposal to maintain the Original Interim Rate until a permanent rate is determined by this Application and the GCOC Stage 2 proceeding. RCIA also agrees with Creative Energy's proposal to handle any differences between the rates, provided such recovery does not impose an insupportable burden on customers. RCIA recommends that the recovery of any variance not exceed a threshold of 33 percent of the average monthly bill if a one-time adjustment is applied to recover any balances from customers, and if this threshold is exceeded, it recommends that Creative Energy smooth the rate increase over multiple periods so that the incremental amount does not exceed 10 percent of the average monthly bill.²²⁵

In reply, Creative Energy acknowledges that the difference between the Original Interim Rate and the final permanent rate may be too large to collect at one time from its customers. In that event, it states that it will use due diligence to ease the collection over several bills, but that it cannot commit to a detailed plan of how it will recover the difference, because it is not possible to forecast the amount to be recovered. However, if it owes customers, Creative Energy is committed to a one-time refund in the form of a bill credit if the difference does not exceed the total bill, and if the difference does exceed the total bill, Creative Energy will credit customers over several bills until the full amount is refunded.²²⁶

Panel Determination

The Panel approves Creative Energy to maintain the Original Interim Rate pending the BCUC's decision on the GCOC Stage 2 proceeding. We note that this proposal has the most support among all parties and also find this to be the most efficient solution in the circumstances. **Creative Energy is directed to establish a Revenue Variance Deferral Account and record in this account the variance between the Original Interim Rate and the interim thermal energy service rate updated as per this decision, with interest accruing at Creative Energy's weighted average cost of capital.**

²²¹ Exhibit B-14, pp. 3–4.

²²² Exhibit B-14, p. 4.

²²³ Exhibit C1-4, pp. 2–3.

²²⁴ Exhibit C2-4, p. 2.

²²⁵ Exhibit C3-4, pp. 1–2.

²²⁶ Creative Energy Reply Argument, p. 7.

It is not necessary for Creative Energy to file tariff pages at this time because the permanent rate will not be determined until the GCOC Stage 2 proceeding is complete. However, to advance the review of any updates to the financial schedules and rates due to this decision, **the Panel directs Creative Energy to file a compliance filing within 30 days of this decision, including revised financial schedules for the Core TES, to reflect the directives and determinations in this decision and order issued concurrently. This compliance filing will exclude any updates to Creative Energy’s deemed capital structure and return on equity that are subject to further direction from the BCUC in the GCOC Stage 2 decision.**

Creative Energy is directed to include in this compliance filing a proposal for how it intends to collect from or refund to customers the balance in the Revenue Variance Deferral Account. While further adjustments may be required following the GCOC Stage 2 decision, providing this proposal as part of the compliance filing for this decision ensures transparency and addresses the variances arising from this decision, which are distinct from those that may arise from the GCOC Stage 2 proceeding. This approach also gives Creative Energy flexibility, allowing it to either manage the variance in conjunction with the outcome of the GCOC Stage 2 proceeding or address it separately.

The Panel expects that the BCUC in the GCOC Stage 2 Decision will provide further direction regarding the timing of implementation of affected utilities’ cost of capital and how any differences between interim and permanent rates related to the deemed capital structure and return on equity will be collected or refunded. Therefore, **we direct Creative Energy to file a final compliance filing following the BCUC’s final decision on the GCOC Stage 2 proceeding, in accordance with that decision, that includes updated financial schedules and amended tariff pages.**

5.0 Other Matters

5.1 System Contribution Charge

By Order G-13-24, the Panel approved the system contribution charge of \$10.60/MWh of thermal energy for customers connected to the NEFC system, on an interim and refundable basis, effective January 1, 2024.²²⁷ This charge recovers the net costs to extend the Core steam system to the NEFC system and the NEFC RDDA balance net of the NEFC Variance Deferral Account as at December 31, 2021. It is separate from the thermal energy service rates and is recovered only from NEFC customers. The system contribution charge, which commenced on January 1, 2022, will be collected from NEFC customers over the remaining 22-year life of the NEFC assets, through to the end of 2043.²²⁸

Creative Energy’s supporting schedules show that the net costs to extend the Core Steam System to the NEFC system and the net costs of the NEFC RDDA are forecast to increase by \$19,234 in 2024 (from \$2,491,190 to \$2,509,857), which Creative Energy attributes to higher interest rates.²²⁹ Creative Energy notes that the load forecast used for the purposes of calculating the system contribution charge remains appropriate.²³⁰ Since the charge was established in 2022, Creative Energy has not proposed any changes.²³¹ However, Creative Energy submits that the system contribution charge should remain unchanged at this time, pointing to the current interest rate volatility. It recommends re-visiting the charge as part of its 2025 RRA, once interest rates have

²²⁷ Exhibit A-2, Order G-13-24.

²²⁸ Decision accompanying Order G-345-22A, Section 3.1, Table 5, pp. 12–13 and 18.

²²⁹ Exhibit B-3-1, Attachment – “B-3-Schedules_EvidentiaryUpdate”, Tab “Sch 12B NRB_Deferrals NEFC”; Exhibit B-5, BCUC IR 20.1 and 20.3.

²³⁰ Exhibit B-5, BCUC IR 20.4.

²³¹ Decision accompanying Order G-358-23, Section 5.2, p. 40; Exhibit B-1, Appendix B, p. 1.

stabilized and more reliable information may be available.²³² Creative Energy also submits that any changes to the system contribution charge should be made in conjunction with any general rate increases.²³³

Similar to the thermal energy service rate, Creative Energy requests that the interim system contribution charge remain in place until revised tariff pages, reflecting the BCUC's decision on this Application and the GCOC Stage 2 proceeding, are filed.²³⁴

Positions of the Parties

Intervenors did not comment on this matter.

Panel Determination

Creative Energy is directed to maintain the system contribution charge of \$10.60/MWh of thermal energy approved on an interim basis by Order G-13-24 for customers connected to the NEFC system, pending the BCUC's decision on the GCOC Stage 2 proceeding. The Panel also directs Creative Energy to provide in its next RRA an updated calculation and annual balance of the components recovered through the system contribution charge, including the NEFC system contribution charge itself. This review should assess whether the current charge is on track to fully recover the deferral account balance by the end of the 2043 (as originally planned) and determine if any adjustments are needed to the charge or the long-term NEFC load forecast.

5.2 Directive 18 of BCUC Order G-345-22A

In light of the BCUC's approval of the Inter-Affiliate Conduct and Transfer Pricing Policy (IAC/TPP) by Order G-358-23, Creative Energy submits that Directive 18 of Order G-345-22A should be rescinded.²³⁵ This directive required Creative Energy "to provide in future RRAs, the total gross costs for Creative Energy Vancouver Platforms Inc., including a breakdown of all costs allocated to each of its TES and any other entities, and to identify whether the cost is directly assigned or allocated via the Massachusetts Formula."²³⁶

With the BCUC-approved IAC/TPP in place, costs are now allocated from Creative Energy Ventures Limited Partnership to Creative Energy, rather than from Creative Energy to its regulated and non-regulated affiliates, rendering the reporting requirement set out in Directive 18 irrelevant.²³⁷

Positions of the Parties

Intervenors did not comment on this issue.

Panel Determination

The Panel rescinds Directive 18 of BCUC Order G-345-22A in its entirety and Creative Energy is relieved of the requirement therein to provide its total gross costs in future RRAs. We are satisfied that the circumstances that necessitated that directive no longer exist because costs are now fully allocated from the holding entity Creative Energy Ventures Limited Partnership instead of Creative Energy pursuant to the IAC/TPP approved by the BCUC.

DATED at the City of Vancouver, in the Province of British Columbia, this 24th day of October 2024.

Original signed by:

²³² Exhibit B-9, BCUC IR 34.1.2.

²³³ Exhibit B-5, BCUC IR 16.2.

²³⁴ Exhibit B-14, pp. 3–4.

²³⁵ Exhibit B-5, BCUC IR 2.1; 2023 RRA Decision, p. 7.

²³⁶ Order G-345-22A.

²³⁷ Exhibit B-5, BCUC IR 2.1; 2023 RRA Decision, p. 7.

A. K. Fung, K.C.
Panel Chair

Original signed by:

E.B. Lockhart
Commissioner

Creative Energy Vancouver Platforms Inc.
2024 Revenue Requirements for the Core Thermal Energy System

LIST OF ACRONYMS

Acronym	Description
2018-2022 RRA Proceeding	Creative Energy's 2018-2022 Revenue Requirements Application
2019-2020 RRA Proceeding	Creative Energy's 2019-2020 Revenue Requirements Application for the Core Steam System and Northeast False Creek Service Areas
2019-2020 RRA Decision	The decision for Creative Energy's 2019-2020 Revenue Requirements Application for the Core Steam System and Northeast False Creek Service Areas accompanying Order G-277-20
2023 RRA Proceeding	Creative Energy's 2023 Revenue Requirements Application for the Core Thermal Energy System
2023 RRA Decision	The decision for Creative Energy's 2023 Revenue Requirements for the Core Thermal Energy System accompanying Order G-358-23
2023 RRA Final Compliance Filing	Creative Energy's Compliance Filing of Regulatory Schedules in Accordance with Order G-358-23 dated February 15, 2024, Attachment "Compliance filing – 2023 Core and NEFC TES RRA"
AACE	Association for the Advancement of Cost Engineering
AMI	Advanced Metering Infrastructure
AMR	Automated Meter Reading
AP	Accounts Payable
Application	Creative Energy's 2024 Revenue Requirements for the Core Thermal Energy System
BC	British Columbia
BCOAPO	British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and Tenants Resource and Advisory Centre
BCUC	British Columbia Utilities Commission
CEC	The Commercial Energy Consumers Association of British Columbia
Core TES	Thermal energy system serving downtown Vancouver and Northeast False Creek
CPCN	Certificate of Public Convenience and Necessity

Acronym	Description
Creative Energy	Creative Energy Vancouver Platforms Inc.
Evidentiary Update	Creative Energy's submissions of February 16, 2024, Exhibit B-3, and of February 22, 2024, Exhibit B-3-1 for the 2024 RRA proceeding
FBC	FortisBC Inc.
FCAC	Fuel Cost Adjustment Charge
FEI	FortisBC Energy Inc.
GCOC	Generic Cost of Capital
HR	Human Resource
IAC/TPP	Inter-Affiliate Conduct and Transfer Pricing Policy
IR	Information Requests
IT	Information Technology
LFVA	Load Forecast Variance Account
LTRP	Long Term Resource Plan
M#	Thousand pounds of steam
MSOC	Managed Security Operations Center
MWh	Megawatt hour
NEFC	Northeast False Creek
O&M	Operations and maintenance
Original Interim Rate	Thermal energy rates for customers connected to the Core TES in an amount equivalent to an average rate of \$12.58/M# approved by Order G-13-24
Redevelopment Project	Creative Energy's new steam plant which was granted a CPCN by Order C-1-20 and amended by Order G-360-22
Remote Metering Project	Remote Metering Project
RCIA	Residential Consumer Intervener Association

Acronym	Description
RDDA	Revenue Deficiency Deferral Account
ROE	Return on equity
RRA	Revenue Requirements Application
TES	Thermal Energy System
TPRCDA	Third Party Regulatory Costs Deferral Account
UCA	<i>Utilities Commission Act</i>
WACD	Weighted Average Cost of Debt

Exhibit No.

Description

Creative Energy Vancouver Platforms Inc.
2024 Revenue Requirements for the Core Thermal Energy System

EXHIBIT LIST

Exhibit No.

Description

COMMISSION DOCUMENTS

A-1	Letter dated December 29, 2023 – Appointing the Panel for the review of Creative Energy Vancouver Platforms 2024 Revenue Requirements for the Core Thermal Energy System
A-2	Letter dated January 12, 2024 – BCUC Order G-13-24 establishing a regulatory timetable
A-3	Letter dated February 29, 2024 – BCUC Information Request No. 1 to Creative Energy
A-4	Letter dated March 21, 2024 – BCUC accepting extension request from Creative Energy
A-5	Letter dated April 8, 2024 - BCUC Order G-104-24 establishing an amended regulatory timetable
A-6	Letter dated May 1, 2024 – BCUC Information Request No. 2 to Creative Energy
A-7	Letter dated June 10, 2024 – BCUC Order G-158-24 with amended regulatory timetable and Panel Information Request No. 1
A-8	Letter dated July 9, 2024 – Order G-182-24 establishing an amended regulatory timetable

APPLICANT DOCUMENTS

B-1	CREATIVE ENERGY VANCOUVER PLATFORMS (CREATIVE ENERGY) – 2024 Revenue Requirements for the Core Thermal Energy System dated December 15, 2023
B-2	Letter dated February 5, 2024 – Creative Energy submitting Public Notice confirmation in compliance with Order G-13-24
B-2-1	CONFIDENTIAL – Letter dated February 5, 2024 - Creative Energy submitting confidential List of Parties in compliance with Order G-13-24
B-3	Letter dated February 16, 2024 – Creative Energy submitting Evidentiary Update
B-3-1	Letter dated February 22, 2024 – Creative Energy submitting Evidentiary Update errata
B-4	Letter dated March 21, 2024 – Creative Energy submitting extension request for filing response to Information Request No. 1
B-5	Letter dated March 25, 2024 – Creative Energy submitting response to BCUC Information Request No. 1

Exhibit No.	Description
B-6	Letter dated March 25, 2024 – Creative Energy submitting response to RCIA Information Request No. 1
B-7	Letter dated March 25, 2024 – Creative Energy submitting response to BCOAPO Information Request No. 1
B-8	PUBLIC - Letter dated March 25, 2024 – Creative Energy submitting redacted response to CEC Information Request No. 1
B-8-1	CONFIDENTIAL - Letter dated March 25, 2024 – Creative Energy submitting confidential response to CEC Information Request No. 1
B-9	PUBLIC - Letter dated May 23, 2024 – Creative Energy submitting public response to BCUC Information Request No. 2
B-9-1	CONFIDENTIAL - Letter dated May 23, 2024 – Creative Energy submitting confidential response to BCUC Information Request No. 2
B-10	Letter dated May 23, 2024 – Creative Energy submitting response to BCOAPO Information Request No. 2
B-11	Letter dated May 23, 2024 – Creative Energy submitting response to CEC Information Request No. 2
B-12	Letter dated May 23, 2024 – Creative Energy submitting response to RCIA Information Request No. 2
B-13	Letter dated June 18, 2024 – Creative Energy submitting response to Panel Information Request No. 1
B-13-1	Letter dated June 19, 2024 – Creative Energy submitting supporting information to their response to Panel Information Request No. 1
B-14	Letter dated July 16, 2024 – Creative Energy submission on items regarding interim rates

INTERVENER DOCUMENTS

C1-1	BRITISH COLUMBIA OLD AGE PENSIONERS' ORGANIZATION, ACTIVE SUPPORT AGAINST POVERTY, DISABILITY ALLIANCE BC, COUNCIL OF SENIOR CITIZENS' ORGANIZATIONS OF BC, TENANTS RESOURCE AND ADVISORY CENTRE (BCOAPO) – Letter dated January 24, 2024 submitting request to intervene by Irina Mis
C1-2	Letter dated March 7, 2024 – BCOAPO submitting Information Request No. 1 to Creative Energy

Exhibit No.	Description
C1-3	Letter dated May 1, 2024 – BCOAPO submitting Information Request No. 2 to Creative Energy
C1-4	Letter dated July 23, 2024 – BCOAPO submission on items regarding interim rates
C2-1	COMMERCIAL ENERGY CONSUMERS ASSOCIATION OF BRITISH COLUMBIA (CEC) – Letter dated January 30, 2024 submitting request to intervene by David Craig
C2-2	Letter dated March 7, 2024 – CEC submitting Information Request No. 1 to Creative Energy
C2-3	Letter dated May 1, 2024 – CEC submitting Information Request No. 2 to Creative Energy
C2-4	Letter dated July 23, 2024 – CEC submission on items regarding interim rates
C3-1	RESIDENTIAL CONSUMER INTERVENER ASSOCIATION (RCIA) – Letter dated February 5, 2024 submitting request to intervene by Abdulrahman Abomazid
C3-2	Letter dated March 7, 2024 – RCIA submitting Information Request No. 1 to Creative Energy
C3-3	Letter dated April 29, 2024 – RCIA submitting Information Request No. 2 to Creative Energy
C3-4	Letter dated July 23, 2024 – RCIA submission on items regarding interim rates

Creative Energy Vancouver Platforms Inc.
2024 Revenue Requirements for the Core Thermal Energy System

SUMMARY OF DIRECTIVES

This summary is provided for the convenience of readers. In the event of any difference between the directives in this summary and those in the final order and body of the decision, the wording in the final order and decision shall prevail.

Reference	Directive
Directive 1 of Order	The BCUC approves the thermal energy rates for the Core TES for 2024, updated as per the directives and determinations made pursuant to this order and decision issued concurrently and subject to the BCUC determinations in the Generic Cost of Capital (GCOC) Stage 2 decision that impact Creative Energy's deemed capital structure and return on equity.
Directive 2 of Order	Creative Energy is directed to maintain the average thermal energy rate of \$12.58 per M# approved on an interim basis by Order G-13-24 for the customers connected to the Core TES, pending the BCUC's decision on the GCOC Stage 2 proceeding.
Directive 3 of Order	Creative Energy is directed to establish a Revenue Variance Deferral Account and record in this account the variance between the 2024 average thermal energy service rate of \$12.58 per M# approved on an interim basis by Order G-13-24 and the 2024 interim thermal energy rate updated as per this decision, with interest accruing at Creative Energy's weighted average cost of capital.
Directive 4 of Order	Creative Energy is directed to maintain the system contribution charge of \$10.60 per MWh of thermal energy approved on an interim basis by Order G-13-24 for customers connected to the NEFC system, pending the BCUC's decision on the GCOC Stage 2 proceeding.
Directive 5 of Order	Creative Energy is denied its request to add the costs for the Remote Metering Project to the 2024 rate base.
Directive 6 of Order	Creative Energy is denied its request to establish a Revenue Deficiency Deferral Account.
Directive 7 of Order	Creative Energy is directed to amortize the December 31, 2023 balance in the Load Forecast Variance Account over one year, in 2024.
Directive 8 of Order	Creative Energy is approved to use the proposed 2024 debt rate of 7.85 percent.

Reference	Directive
Directive 9 of Order	Creative Energy is directed to file a compliance filing within 30 days of this order, including revised financial schedules for the Core TES, to reflect the directives and determinations in this order and decision issued concurrently, and excluding any updates to Creative Energy's deemed capital structure and return on equity that are subject to further direction from the BCUC in the GCOC Stage 2 decision. Creative Energy is further directed to include in this compliance filing a proposal for how it intends to collect from or refund to customers the balance in the Revenue Variance Deferral Account, in accordance with Directive 3 of this order.
Directive 10 of Order	Creative Energy is directed to file a final compliance filing following the BCUC's decision on the GCOC Stage 2 proceeding, in accordance with that decision, that includes updated financial schedules and amended tariff pages.
Directive 11 of Order	Creative Energy is directed to comply with all other directives and determinations outlined in the decision issued concurrently with this order.
Directive 12 of Order	The list of parties notified, along with the unredacted information in Exhibits B-8-1 and B-9-1, contain commercially sensitive information and will be kept confidential until further order of the BCUC.
Page 5 of Decision	The resulting reduced 2024 thermal energy load forecast of 1,077,614 M# using this new methodology is found to be reasonable for the purpose of rate-setting for 2024.
Page 5 of Decision	Creative Energy's request to use the proposed revised methodology to derive its load forecasts on an ongoing basis beyond 2024 is denied.
Page 6 of Decision	Creative Energy is directed to submit more information to support its proposed load forecast methodology in its next RRA.
Page 10 of Decision	Creative Energy is directed to remove \$173,542 from the 2024 revenue requirements as part of the final compliance filing for this proceeding.
Page 10 of Decision	Creative Energy is directed to prorate the \$429,331 cost of "New Roles" to \$283,762 to account for the delayed start dates. Creative Energy is also directed to include this adjustment in its final compliance filing for this proceeding. Creative Energy's request to repurpose a portion of the savings from the delayed hires to fund a new LTRP role is denied.
Page 12 of Decision	Creative Energy is directed to remove the \$182,044 of MSOC costs from the 2024 revenue requirements and establish a deferral account to record the actual 2024 MSOC costs with interest at Creative Energy's weighted average cost of debt. Creative Energy is also directed to provide a list of the recorded amounts for review as part of the next RRA prior to any balance being amortized.
Page 13 of Decision	Creative Energy is directed to ensure that any forecast bad debt from the Avalon Hotel is removed from the 2024 revenue requirements as part of its final compliance filing.

Reference	Directive
Page 15 of Decision	The Panel directs that this adjustment be made to the 2023 closing rate base and included in Creative Energy's final compliance filing.
Page 16 of Decision	Creative Energy is directed to provide an update in its next RRA on the timing and forecast costs associated with extending the life of the steam production plant due to the Redevelopment Project delay.
Page 24 of Decision	Creative Energy's request to add \$1,518,370 in costs for the Remote Metering Project to the 2024 rate base is denied, thereby disallowing recovery of any revenue requirement impacts of this rate base addition in 2024. This includes approximately \$65,000 in Creative Energy's cost of capital for 2024, subject to any adjustments arising from the BCUC's decision on the GCOC Stage 2 proceeding.
Page 30 of Decision	Creative Energy is approved to record \$714,236 third-party consulting costs related to LTRP activities in the TPRCDA in 2024.
Page 32 of Decision	Creative Energy is directed to provide in its next RRA an updated calculation and annual balance of the components recovered through the system contribution charge, including the NEFC system contribution charge itself.
Page 33 of Decision	Directive 18 of BCUC Order G-345-22A is rescinded in its entirety and Creative Energy is relieved of the requirement therein to provide its total gross costs in future RRAs.